

FBIS**DAILY REPORT
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YANG SHANGKUN VISITS CANADA, MEETS LEADERS

Yang, Mazankowski Address Banquet

OWO41357 Beijing XINHUA Domestic Service in Chinese 0722 GMT 4 Jun 87

[Text] Ottawa, 3 Jun (XINHUA) — Mazankowski, deputy prime minister of the Canadian Government, gave a banquet this evening in honor of the Chinese Government delegation led by Yang Shangkun.

Fang Yi, deputy leader of the Chinese delegation, and Beatty, Canadian minister of national defense, were among those who attended the banquet.

In his speech at the banquet, Yang Shangkun said that the purpose of the Chinese Government delegation's visit to Canada was to exchange views with Canadian Government leaders on international issues of common concern and bilateral relations.

He pointed out that the exchange of visits between leaders of the two countries and the direct dialogue between them have become an important hallmark in Sino-Canadian relations in recent years. He said that the exchange of visits has deepened mutual understanding, friendship, and trust, as well as given a strong impetus to the development of bilateral relations.

He noted that in recent years the two countries have carried out economic and technical cooperation in diverse forms and at various levels, and that exchanges in culture, education, and military affairs have also grown steadily.

He expressed the belief that development of Sino-Canadian relations is not only in line with the interests of the two peoples but also conducive to world peace and stability.

He reaffirmed China's basic national policy of reform and opening to the outside world and its independent, peace-loving foreign policy.

He said that China will open wider to the outside world and explore new possibilities for effective use of foreign funds, the import of advanced technology, and the expansion of foreign trade.

He also praised the achievements made by the Canadian people in economic construction, and expressed appreciation of the Canadian Government's stand of opposing aggression, calling for peace, seeking to improve international economic order, and advocating North-South cooperation in international affairs.

Mazankowski said in his speech that the Canadian Government values dialogue with senior Chinese leaders and the friendly relations between the two countries.

He said that the Canadian people follow with keen interest China's modernization program, and are encouraged by the success the Chinese people have achieved so far.

Earlier in the afternoon, Yang Shangkun met with Canadian Foreign Minister Clark to discuss international issues of mutual concern and bilateral relations. The meeting lasted over an hour.

According to a press spokesman of the delegation, the two sides agreed that high-ranking leaders of the two countries should continue exchanging visits and conduct political consultations at various levels.

The spokesman added that the two sides agreed to broaden contacts in the economic, trade, cultural, scientific, and military fields so as to develop bilateral relations at various levels and through diverse forms of cooperation.

Governor-General Fetes Yang

OW042348 Beijing XINHUA in English 2335 GMT 4 Jun 87

[Text] Ottawa, June 4 (XINHUA) -- Both China and Canada are important forces for maintaining world peace, visiting Chinese leader Yang Shangkun said today.

At a luncheon hosted by Canadian Governor-General Jeanne Sauve, Yang, who is heading a Chinese Government delegation, said Sauve's recent visit to China contributed greatly to the relations between their countries.

Sauve said Canada and China have a keen interest in promoting peace, reducing arms, maintaining a balance among nations and ensuring the economic and social progress of all.

Earlier today Yang and his party met with John Fraser, speaker of the House of Commons.

Some members of the Chinese delegation visited the David Florida Laboratory on Communications Research this morning.

Yang and his party began a 11-day visit to Canada on May 27 after their trip to the United States.

Meets With Mulroney

OW050023 Beijing XINHUA in English 0009 GMT 5 Jun 87

[Text] Ottawa, June 4 (XINHUA) -- Canadian Prime Minister Brian Mulroney met with head of the Chinese Government delegation Yang Shangkun at his office this afternoon.

Mulroney had a cordial talk with Yang and conveyed to Chinese leaders his best regards.

Present on the occasion were State Councillor Fang Yi, who is also deputy head of the Chinese Government delegation, Vice Minister of Foreign Affairs Zhu Qizhen and Chinese Ambassador to Canada Zhang Wenpu.

Yang and his party left here for Toronto, the biggest city Toronto and the last leg of Yang's 12-day visit to Canada, later this afternoon.

LIAOWANG ON DEVELOPMENT OF SINO-U.S. RELATIONS

HK040637 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 22, 1 Jun 87 p 26

[Article by Xin Tian (6580 3944): "Maintain the Momentum in the Development of Sino-U.S. Relations"]

[Text] The Chinese Government delegation, headed by Yang Shangkun, vice chairman of the PRC Central Military Commission, and with State Councillor Fang Yi as deputy head, concluded its official visit to the United States and left for Canada on 27 May. This was an important political visit by the Chinese leaders to the United States and Canada this year.

The sounds of salutes on the banks of the Potomac, and the meetings and talks with President Reagan, Vice President Bush, Secretary of State Schultz, and Secretary of Defense Weinberger, reflected that the U.S. Government attached great importance to this visit and to the development of Sino-U.S. relations. The warm applause welcoming the Chinese guests awarded by representatives from various circles in New York, St. Louis, and Los Angeles expressed the enthusiasm of the people in various circles in the United States in strengthening Sino-U.S. friendship.

Both hosts and guests had wide-ranging exchanges of views on international and bilateral matters of interest to both sides, and both were optimistic about the future development of Sino-U.S. relations.

Yang Shangkun said: Practice shows that establishing long-term and stable friendly relations and cooperation between our two large countries, China and the United States, is in conformity with the fundamental interests of the two peoples and is conducive to peace and stability in Asia and the world. Over the past 15 years, profound changes have taken place in Sino-U.S. relations and, at present, these relations are being developed in an all-round way in various spheres. At the same time, Yang Shangkun pointed out that there are still difficulties and obstacles in the development of Sino-U.S. relations, which have yet to be removed. He emphasized that the current development of bilateral relations still does not properly match the potential of both sides for development of their friendship and cooperation. If we rest content with the current achievements and cease advancing, the vigor of Sino-U.S. relations will disappear; but if we continue to make common efforts, there will be broad prospects for further development of relations between our two countries. He said: So long as the senior leaders of both countries continue to exchange visits and both sides strictly abide by the principles of the three joint communiques, the relationship between the two countries will surely develop continuously, healthily, and steadily.

The chief leaders of the U.S. Government also said that they will make continuous efforts to promote the steady development of U.S.-Sino relations. Reagan said: The United States adheres to the "policy of one China" and does not support the "two Chinas" or "one China, one Taiwan" policies. It will promote the steady development of relations between the two countries in accordance with the principles of all the previous U.S.-Sino joint communiques. Bush said that he will make further efforts to promote the development of U.S.-Sino relations to a new level. Shultz emphasized that it is necessary to maintain the momentum of the development of U.S.-Sino relations. Viewing from the angle of developing U.S.-Sino military relations, Weinberger emphasized that Yang Shangkun's visit was extremely important in promoting and strengthening relations between the two countries and the two armies.

While making a positive and optimistic appraisal of the development of Sino-U.S. relations, we should not fail to see that there are also some problems in this development, which have yet to be solved.

The Taiwan issue has long been a main obstacle to the development of Sino-U.S. relations. Since China and the United States reestablished diplomatic relations, there have been several setbacks due to the Taiwan issue, in the development of Sino-U.S. relations. Although there has been a relatively steady development in recent years, violations of the principle of "one China" have also occurred now and then over the Taiwan issue. A small number of people in U.S. political circles have openly declared support for the "independence of Taiwan" and "self-determination for Taiwan." All people who wish to see the further development of Sino-U.S. relations should take this matter seriously. Just as was pointed out by Vice Chairman Yang Shangkun, "If this matter is not handled in a proper way, it will be difficult to ensure the long-term stability of Sino-U.S. relations. Moreover, new setbacks will surely appear." Experience over the past 15 years shows that the three joint communiques by the two countries are the basis for developing Sino-U.S. relations. Only by strictly observing the principles of these communiques can the relationship between the two countries be developed smoothly.

China and the United States have made considerable progress in their trade relations in recent years. In 1986 trade turnover between the two countries reached \$7.3 billion. U.S. investment in China has also increased, and some large cooperative projects have achieved smooth progress. However, there are also some difficulties and problems in the development of economic relations between both countries, such as U.S. restrictions on the import of Chinese commodities, and its control over technological transfers to China. Thus, a main problem of concern in China's trade with the United States at present is that the United States should not resort to trade protectionism to restrict the import of Chinese commodities, and should relax control over technological transfers to China. Yang Shangkun pointed out that we do not demand an absolute balance in the trade between our two countries and do not want to reduce imports to solve the problem of an adverse balance of trade, but we hope that the U.S. market can accommodate more Chinese commodities so that the adverse balance can be improved and the trade between the two countries can be further promoted.

In view of the fact that some people in the United States are apprehensive about possible changes in China's policies in the future, Vice Chairman Yang Shangkun reiterated during his visit to the United States that China's current policies will not be changed. In his speech delivered to the U.S. Foreign Relations Committee he emphasized that China's policies on reform, opening up to the outside world, and invigorating the domestic economy will not be changed; China's independent foreign policy will not be changed; and China's wish to strengthen and develop friendly relations with the United States will not be changed. When meeting with representatives of Overseas Chinese in Washington he further pointed out that China's policies on reform and opening up will not be affected by personnel changes in the central authorities which occurred some time ago, nor will China's political situation. He said that reform, opening up, and concentrating our strength on economic construction are China's national policies. They will not be changed but will constantly be deepened. He also pointed out that the 13th CPC National Congress, which will be held this fall, will discuss and work out tentative plans concerning reform of the political structure. This is a demand to further deepen the economic reform and a major and important measure, which will promote the further development of economic reform.

FURTHER REPORTAGE ON DENG MEETING KOMEITO CHAIRMAN

Deng on Possible Resignation

OW041151 Tokyo KYODO in English 1141 GMT 4 Jun 87

[Text] Beijing, June 4 KYODO -- China's senior leader Deng Xiaoping said Thursday he is considering to step down as Communist Party Politburo member in a party congress this autumn.

Deng told Junya Yano, leader of Japan's No 2 opposition party Komeito, that aged people like him should retire from the supreme policy-making body.

Deng, who turns 83 on August 24, said a rejuvenation of party leadership is high on the agenda for the 13th party congress, expected to open September 29 for a week-long session, according to Komeito officials.

The Chinese leader was quoted as saying that he would retain one of [the] party positions he holds. Deng is not only a member of the Political Bureau Standing Committee but also heads the Central Military Commission and the Central Advisory Commission.

He did not name other aged leaders in the Politburo.

The 20-member Political Bureau includes two more aged leaders -- Peng Zhen, 85, chairman of the Standing Committee of the National People's Congress (parliament), and Chen Yun, 82, first secretary of the Communist Party's Central Commission for Discipline Inspection.

Deng assured Yano there would be no major policy change in China despite his possible retirement, noting that China's political situation is stable, the Komeito officials said.

During a 90-minute meeting with the Japanese politician, Deng discussed the Northeast Asian situation, particularly Korean peninsula, and Sino-Japanese relations, the officials said.

Deng told Yano China will side with North Korea if South Korea militarily attacks the North.

He said that North Korea will never invade the South and that Beijing will not support Pyongyang if it goes so.

China has repeatedly urged the United States to hold talks or establish contacts with North Korea, because North Korea asked China to do so, he was quoted as saying.

Both China and North Korea desire stability and [a] peaceful environment in the peninsula, Deng said.

South Korea will be militarily and economically superior to North Korea even after the United States withdraws its troops, Deng said.

Deng denied Western speculation that China is concerned about an improvement in Soviet-North Korean ties, saying it will be helpful to world peace.

Yano arrived in Beijing Monday for a nine-day visit to China as a guest of the China-Japan Friendship Association.

Deng told Yano that he and North Korean President Kim Il-song agreed last month to make joint efforts to stabilize the situation on the peninsula. Kim Il-song visited China in late May.

On the 1988 Seoul Olympics, Deng fell short of saying directly whether China will send athletes, only saying that China's participation will be made under Olympic bylaws.

China hopes the games to be [as received] cosponsored by the North and South, Deng was quoted as saying.

Meanwhile, the senior Chinese leader sternly warned Japan about a recent Japanese court decision in Taiwan's favor, an increase in defense spending and a huge trade surplus with China, Komeito officials said.

Deng said Japan would have failed to abide by the bilateral peace treaty unless the Japanese Government settled the "Kokario" dormitory issue properly.

Last February, the Osaka High Court approved Taiwan's ownership of the student dormitory in Kyoto. China says the decision runs counter to the 1972 Shanghai Communique and the 1978 Peace and Friendship Treaty under which Japan recognized Beijing as the sole legitimate government of China and Taiwan as a part of China.

Prime Minister Yasuhiro Nakasone says the government cannot intervene in the judiciary which is independent of the legislative and executive branches.

Deng told Yano that Sino-Japanese relations have developed smoothly in general since the 1972 establishment of diplomatic ties.

What worries China most is a trend toward a revival of militarism in Japan, Deng was quoted as saying.

Deng said there is no need for Tokyo to increase its defense spending beyond the decade-long ceiling of 1 percent of gross national product.

"Such a precedent can be repeated twice or three times," he said.

The Japanese Diet (parliament) approved the 54.1 trillion yen budget for fiscal 1987 which include 3,517 billion yen for defense. The amount is 1.004 percent of Japan's projected GNP of 350.4 trillion yen.

Japan's defense budget has already surpassed that of France and West Germany, Deng said.

Dissatisfied with Japan's huge trade surplus with China, amounting to 4.18 billion dollars in 1986, Deng said China's deficits were too big.

Deng said Japan should contribute more to help China's development, noting China did not demand Japanese payment of war reparations in 1972.

He complained of narrow access for Chinese products to the Japanese market and criticized Japanese business corporations of being reluctant to providing technological knowhow to China, Komeito officials said.

Communique Adherence Urged

OW050505 Tokyo KYODO in English 0457 GMT 5 Jun 87

[Text] Beijing, June 5 KYODO -- Junya Yano, chairman of Japan's second-largest opposition party, Komeito, said Friday China wants Japan to stick to the principles of a 1972 joint communique which normalized their relations.

Yano explained China's stance in a meeting with reporters at a Beijing hotel. It followed criticism voiced by China's senior leader Deng Xiaoping against Japan over a court decision which awarded ownership of a student dormitory in Kyoto, western Japan to Taiwan.

In a meeting with Yano Thursday, Deng criticized Japan over the Osaka High Court decision made in February which ruled in favor of Taiwan's ownership of the Kokorio dormitory.

Yano said Deng's criticism stemmed from China's concern that the principles contained in the joint communique are being undermined.

Yano said he will explain to Prime Minister Yasuhiro Nakasone about Deng's remarks if asked. His visit to China is due to end June 9.

On Deng's criticism against Japan's decision to boost defense spending for fiscal 1987 beyond the former ceiling of 1 percent of the gross national product (GNP), Yano said Japan must give consideration to the views of neighboring countries in deciding its defense budget.

Yano said his party will urge the Japanese Government to keep defense spending below 1 percent of GNP.

PRC TO USE 'ROK' AT ASIAN VOLLEYBALL TOURNAMENT

OW050637 Tokyo KYODO in English 0628 GMT 5 Jun 87

[Text] Shanghai, June 5 KYODO -- China will use the name "Republic of Korea" rather than the hitherto "South Chosun (Korea)" during the fourth Asian women's volleyball championships which open here Saturday.

Volleyball sources said Friday the nomenclature change by China indicates China's real "recognition" of South Korea in the sports field.

The sports exchange between the two nations started in 1984 and deepened in the Seoul Asian Games last fall.

China is planning to use the name Republic of Korea in the 1990 Beijing Asian Games, too, they said.

But the use of the name is limited to the championships since Shanghai newspapers reporting the event still use South Chosun (Korea).

A total of 12 counties and regions, excluding Taiwan and North Korea, will participate in the championships, which double as an Asian preliminary round for the Seoul Olympics.

PRC RADIO REPORTS CGDK SAYS SIHANOUK STILL HEAD

BK031420 Beijing in Cambodian to Cambodia 1030 GMT 3 Jun 87

[Text] On 3 June, our station correspondent in Bangkok received a communique from high-ranking Coalition Government of Democratic Kampuchea [CGDK] officials. The following is the text of this communique:

1. Prince Norodom Ranarith, personal representative of Samdech Norodom Sihanouk to Cambodia and Asia and commander-in-chief of the Simanoukian National Army; His Excellency Son Sen, minister and member of the Coordinating Committee for National Defense and commander-in-chief of the Democratic Kampuchean National Army; and His Excellency Im Chhudeth, minister and member of the Coordinating Committee for National Defense and representative of the Kampuchean People's National Liberation Front, session on 2 June 1987.

2. The meeting affirmed that Samdech Norodom Sihanouk remains president of Democratic Kampuchea and head of the tripartite CGDK, which is leading the Cambodian people and all Cambodian nationalist forces in the struggle for national liberation against the Vietnamese aggressors.

3. The meeting appeals to the entire Cambodian people and all combatants of the tripartite CGDK's nationalist forces to continue to unite and further improve their cooperation to fight more vigorously against the Vietnamese aggressors until they withdraw their aggressor forces from Cambodia.

4. The meeting also appeals to all friendly countries the world over to continue to provide support and assistance to the Cambodia people's just struggle and continue to pressure the Vietnamese aggressors until they abide by UN resolutions on the Cambodian problem and agree to resolve the Cambodian problem politically in accordance with the CGDK's 8-point peace proposal.

[Dated] 2 June 1987.

[Signed] Norodom Ranarith; Son Sen; Im Chhudeth.

XINHUA CITES SRV SPOKESMAN ON LEADERS' RESIGNATION

OW041750 Beijing XINHUA in English 1739 GMT 4 Jun 87

[Excerpt] Hanoi, June 4 (XINHUA) -- Vietnamese leaders Truong Chinh, president of the Council of State, and Chairman of the Council of Ministers Phan Yan Dong have submitted their resignations, a Foreign Ministry spokesman said today. The National Assembly will discuss accepting the resignations starting June 17 when other personnel shifts will be made, spokesman Ho Thi Lan said. She did not report who would take over the two posts.

Ho, deputy director of [the] Press and Information Department of the Foreign Ministry, also commented on talks with a U.S. delegation Tuesday to prepare for a visit to Hanoi by U.S. President Ronald Reagan's special envoy on American servicemen missing in action (M.I.A.) in Vietnam. She accused the United States of "politicalizing" the humanitarian issue of M.I.A.'s lost in the Vietnam war and is continuing its hostility towards Vietnam. Washington just wants to discuss its own humanitarian issues and does not care about Vietnamese missing in the war, she said. As well as the M.I.A. issue, Washington wants to settle the matter of the emigration of thousands of Vietnamese before relations can be normalized. [passage omitted]

BANGLADESH PRESIDENT TO VISIT PRC, DPRK IN JULY

OWD41136 Beijing XINHUA in English 0826 GMT 4 Jun 87

[Text] Dhaka, June 4 (XINHUA) -- Bangladesh President Hussain Mohammad Ershad will pay a week-long visit to China on July 2-7 followed by a two-day visit to the Democratic People's Republic of Korea on July 8-9, it was officially announced here today.

President Ershad will have talks with leaders of these two countries on bilateral cooperation and on regional and international issues of mutual interest, Foreign Secretary Nubul Islam told reporters at a news briefing today.

This will be the fourth visit of President Ershad to Beijing. He first visited China in 1979 as chief of the Army Staff. His second visit to China was in 1982 as chairman of the Council of Ministers and the third as president in July 1985.

Chinese President Li Xiannian visited by Bangladesh in March 1986.

Bilateral relations between Bangladesh and China are described as special. Trade between the two countries were [as received] increasing steadily from 428 million taka (over 27.6 million U.S. dollars) in 1976-77 to 2,565 million taka (about 101.4 million dollars) in 1985, officials here said.

The foreign secretary said Bangladesh has friendly relations with [the] DPRK. Former President Ziaur Rahman of Bangladesh visited [the] DPRK in 1978 to attend the 30th founding anniversary of the country. [The] DPRK vice president and premier visited Bangladesh in 1978 in 1981 respectively.

It will be the first visit of President Ershad to that country.

XINHUA VIEWS ANNIVERSARY OF 1967 MIDEAST WAR

OWD41116 Beijing XINHUA in English 1339 GMT 4 Jun 87

["Commentary: Struggle in Occupied Land Never Ceases (By Rui Yingjie)" -- XINHUA headline]

[Text] Amman, June 5 (XINHUA) -- Israel's brutal rule and suppression have never dammed up waves of protest and resistance by the Arab and Palestinian people since Israel seized large tracts of Arab land in the 1975 [date as received] Middle East war.

In the 20 years since Israel took the West Bank, the Golan Heights, the Gaza Strip and Sinai in a six-day attack on Egypt, Syria, Iraq and Jordan in the third Middle East war, the people under Israeli rule have never missed an opportunity to voice their protests. In one record year of protest, 870 demonstrations and strikes were staged in the occupied territories.

The protest reached a peak on March 30, 1976 when large numbers of protestors swept the occupied land in protest against the Israeli policy of terror and its seizure of thousands of hectares of land for building Jewish settlements in the Galilee area. Israeli troops shot dead six demonstrators, which fueled the people's anger. Since then, March 30 has been marked annually as "Land Day".

The Israeli invasion of Lebanon and the massacres at the Sabra and Shatila refugee camps near Beirut in 1982 triggered another large-scale demonstration in Jerusalem, involving not only the Arabs and Palestinians but also a large number of Israelis. Eighteen-thousand people were reportedly killed and 30,000 wounded in the invasion, and the Sabra and Shatila massacres took the lives of 2,000 refugees.

Some outstanding Palestinian figures say the people in the occupied land desire nothing but peace. The statement has been justified by their open support for all efforts to seek peace in the region and to convene an international peace conference on the Middle East. They voiced their support for the 1985 Jordan-PLO Amman accord on a common peace approach to the Mideast issue and urged renewed cooperation and coordination between the two sides after Amman suspended the accord unilaterally in February 1986.

However, the refusal by Israel and the United States to recognize the Palestinians' inalienable rights to an independent state and self-determination has blocked the Mideast peace process. Under these circumstances, if the Arab and Palestinian people have used violence against the Israeli regime it is because they have no other alternative.

Defying mounting demands and pressure from inside and outside the country, the Israeli occupation authorities have spared no efforts to tighten control. They have banned arms shipments to the areas and travellers are carefully searched before they set foot in the occupied territory. Despite these precautions, military attacks on Israeli troops occur almost every month and this has puzzled the Israeli regime.

Students and youths have taken the lead in the struggle. They usually use bottles and stones to confront the attacking Israeli soldiers. About 4,300 students of middle schools and universities have been jailed in the past 20 years.

But the Israeli suppression has never intimidated the Arab and Palestinian people. A student rejoined his comrades in the struggle immediately after he was freed in 1983 after four years in jail. A young mother was proud that her child had grown enough to throw stones at a Israeli military vehicle.

So long as the Israeli Government clings to its policy of aggression and suppression, the people under its rule will carry on their just struggle and continue to enjoy the support and sympathy from peace-loving people all over the world.

SUPPORT REITERATED FOR NAMIBIA'S INDEPENDENCE

OWC 1430 Beijing XINHUA in English 1357 GMT 4 Jun 87

[Text] Beijing, June 4 (XINHUA) -- Yang Chengwu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, said here today that the Chinese people will continue to steadfastly support the Namibian people in their just struggle for national independence.

Yang said that China, as one of the permanent members of the U.N. Security Council and member of the U.N. Council for Namibia, will firmly support the council's work.

Speaking at a symposium on Namibia sponsored by the United Nations Association of China here this afternoon, Yang condemned the South African authorities for their cruel rule over Namibia and their refusing to implement the concerned U.N. decisions.

Yang spoke highly of the Namibian people's unyielding struggle against the colonial rule of South Africa and for national independence.

Peter D. Zuze, president of the U.N. Council for Namibia, briefed the participants on the council's work. He called on the international community to recognize the struggle of the South West African People's Organization (SWAPO) and to intensify all moral, material and political support for the organization to enable it to continue that struggle.

Zuze is the head of a delegation from the U.N. Council for Namibia currently visiting China.

In his speech, Herman Tolvo ja Tolvo, member of the delegation and secretary-general of SWAPO, thanked China and the Frontline African countries for their support for the Namibian people's just struggle for national independence.

"On our side," he said, "we pledge to intensify the national liberation struggle on all fronts and will leave no stone unturned until the scourge of apartheid colonialism is completely eradicated, and genuine freedom and national independence is achieved in Namibia."

Diplomatic envoys of African countries here attended the symposium.

BEIJING RECEPTION MARKS AFRICAN LIBERATION DAY

OWO41424 Beijing XINHUA in English 1419 GMT 4 Jun 87

[Text] Beijing, June 4 (XINHUA) -- The 24th anniversary of the "African Liberation Day" and the successful ending of the "African art exhibition" was marked at a reception here today.

The reception was held by the Chinese People's Association for Friendship With Foreign Countries and the Sino-African People's Friendship Association.

Attending the reception were Gong Dafei, president of the Sino-African People's Friendship Association, and diplomatic envoys of African countries.

XINHUA ANALYZES FRG STAND ON ZERO OPTION

OWO31343 Beijing XINHUA in English 1038 GMT 3 Jun 87

["News Analysis: Belated Support (by Xia Zhimian)" -- XINHUA headline]

[Text] Bonn, June 2 (XINHUA) -- The Federal German Government finally supports the second "zero" deal which calls for the elimination of shorter-range missiles from Europe.

This is a departure from Federal Germany's original stand towards the Soviet offer made to U.S. Secretary of State George Shultz when he was visiting Moscow in April.

Bonn and Washington did not see eye to eye on the Soviet offer. The United States welcomes the Soviet initiative, while the Federal German Government, with the exception of Foreign Minister Hans-Dietrich Genscher, had been by and large opposed to it.

The Kohl Government tried to join Britain and France in preventing the United States from accepting the second "zero" deal.

Influenced by its West European allies and public opinion, the Federal German Government came to the decision after holding itself aloof from the Soviet offer for one and a half months.

Federal Germany felt pressured and isolated after France, with which Federal Germany claims it maintains a "special relationship," backed the Soviet proposal, after Britain and Italy had done the same.

At home, recent opinion polls showed 90 percent of the population is in favor of eradication of medium and shorter-range missiles in Europe.

What has added to its pressure is the outcome of recent elections in the country's two states. There has been an apparent loss in the votes garnered by the Christian Democratic Union and the Christian Social Union which objected to the Soviet offer, while the minor partner in the three-party coalition, the Free Democrats, mustered more votes for its positive stand toward the Soviet initiative.

All this is no doubt a warning to the Kohl government to force it to change its mind "largely out of helplessness, rather than of its own accord" as the local press put it.

Still, it does not follow that Federal Germany, a central European country with its territory dotted with missiles, should be labeled as against arms cuts. Federal Germany wants its security interests as well as those of Western Europe be taken into full account in negotiations between the United States and the Soviet Union.

Federal Germany fears that a pull-out of U.S. missiles with a range of 500 kilometers and longer would lead to a divorce between U.S. and European defense, thus creating regions of unequal security. The remaining missiles with a range of less than 500 kilometers would then concentrate in the two Germanys, thus threatening the Germans if there were a nuclear war in Europe.

While announcing its decision on Monday, the Kohl government therefore stressed the importance of security equality among small and big countries, whether between the United States and West European nations or among themselves.

The Kohl government also attached two conditions to its backing of the "zero" deal which call for the Pershing-1A missiles stationed in Federal Germany not to be included in arms reductions talks and that talks on reducing short-range missiles, conventional and chemical weapons should follow once a medium-range missile accord is signed.

It also wants the Pershing-1A missiles along with their 72 nuclear warheads controlled by the United States to remain in the country as a symbol of U.S.-Federal Government joint security and to serve as a lever to counterbalance superior Soviet conventional arms, as Britain and France do with their independent nuclear force. Given such a lever, the Kohl government argues, it would be possible to cut down short-range missiles and conventional weapons in Europe in future negotiations, thus freeing Federal Germany from their threat.

The missile issue is expected to figure largely in next week's seven-nation summit in Venice, Italy, and at the NATO foreign ministers meeting in Brussels. Federal Germany's backing for the "zero" deal, albeit belated, will help harmonize the West's stand, thus boosting progress at the U.S.-Soviet nuclear talks in Geneva. But the Kohl government now seems at a loss as to whether its security interests would be taken into full account at these negotiations.

WU GREETES MEDITERRANEAN MINISTERIAL CONFERENCE

OWO41043 Beijing XINHUA Domestic Service in Chinese 1504 GMT 3 Jun 87

[Text] Beijing, 3 Jun (XINHUA) -- We Xueqian, minister of foreign affairs of the People's Republic of China, sent a message to the second foreign ministers' conference of Mediterranean nonaligned countries on 30 May, extending warm greetings on its opening on behalf of the Chinese Government and people.

The greeting message says: "We are pleased to see that amid contemporary international affairs, the great significance of safeguarding and carrying forward the principle and purpose of nonalignment has received the widespread attention of the international community, and that the role of the nonaligned Movement is further increasing. Now, the nonaligned countries in the Mediterranean region are holding another meeting of foreign ministers. This is bound to contribute significantly to maintaining the peace and security of the region and strengthening the friendly and cooperative relations among the countries concerned, thus helping to safeguard world peace and promote international cooperation." The greeting message wishes the conference complete success.

RENMIN RIBAO INTERVIEWS POLAND'S JARUZELSKI

HK040755 Beijing RENMIN RIBAO in Chinese 3 Jun 87 pp 1, 6

[Report from Warsaw on 1 June: "Jaruzelski Says Zhao Ziyang's Visit to Poland Has International Significance"]

[Text] On the eve of a visit to the Polish People's Republic by Zhao Ziyang, acting secretary general of the CPC Central Committee and premier of China's State Council, Wojciech Jaruzelski, first secretary of the Polish United Workers' Party and chairman of the Council of State of the Polish People's Republic, was interviewed in his office today by Xi Linsheng, special reporter and deputy director of the International Department of RENMIN RIBAO, and answered questions raised by the reporter. They talked freely about the positive development of the relations between China and Poland, the domestic situation in Poland, and some international issues concerned. Jaruzelski used a Chinese proverb -- "The source is distant and the stream is long" -- to describe Sino-Polish friendship. He emphasized that when the two countries decided to restore their best and traditional friendship, Poland and China "were not building a mansion of friendship on a piece of barren land."

At 0830 this morning, when the reporter arrived at Comrade Jaruzelski's office, he cordially shook hands with the reporter and they had a photograph taken to mark the occasion. Then they sat by a round table. Jaruzelski told the reporter with a smile that this was his first interview with a Chinese reporter. As this first contact happened on the eve of a visit to Poland by Zhao Ziyang, acting secretary general of the CPC Central Committee and premier of China's State Council, and the interview was with a representative of China's well-known RENMIN RIBAO, he was very glad. He said that he often recalled that during his visit to China last year, he talked with Chinese leaders and they exchanged valuable experiences.

Zhao Ziyang, acting secretary general of the CPC Central Committee and premier of China's State Council, will arrive in Warsaw on 4 June for a visit. The reporter first asked Comrade Jaruzelski to comment on the significance of this visit.

In his reply, Jaruzelski said: This is the first time in the history of Sino-Polish relations that we will receive China's supreme party and government leader. As far as I know, this is also Comrade Zhao Ziyang's first visit to Poland. Due to China's international position, the socialist nature of our two countries, and the positive dialogues between China and Poland recently, we highly value Comrade Zhao Ziyang's forthcoming friendly visit. This visit will make it possible for our distinguished guests to know Poland's reality and to widely exchange views with us on socialist construction and the experiences gained by the two countries in the ongoing economic reform and development of socialist democracy. He said: The two countries are far away and have different historical conditions, but we have become closer through many common grounds. These common grounds are: The ideology of Marxism-Leninism; the goal of building socialism; and the tradition of fighting for freedom and waging revolutionary struggles and the desire for safeguarding world peace. Therefore, I look forward to meeting Comrade Zhao Ziyang with delight and great interest. He held that in the relations between the two countries, and regular individual contacts between supreme leaders of the two countries will promote Sino-Polish friendship, deepen mutual understanding and cooperation, and upgrade them to a new level. In other words, he highly valued economic cooperation between the two countries.

Comrade Jaruzelski pointed out: Comrade Zhao Ziyang's visit goes beyond the scope of the relations between the two countries and has international significance. [paragraph continues]

Both Poland and China are now making positive efforts to ease the tense situation and develop equal cooperation between all countries. That Poland and China strengthen cooperation in these fields will make great contributions to world peace, to the progress of mankind, and to the socialist cause.

Comrade Jaruzelski then answered questions raised by the reporter on the prospects for developing relations between China and Poland. He said: So far as I know, there is an ancient Chinese saying: "The source is distant and the stream is long." The friendship between the two countries and the people of the two countries is deeply rooted. Over the past few years, our friendship has gained more vitality. The rapidly developing all-round relations of mutual interest between Poland and China are laying a more solid foundation. Trade volume between the two countries has increased by 700 percent since 1982, reaching a record high of 1.6 billion Swiss francs. This is undoubtedly a good sign. However, in the face of these achievements, we must not be complacent and stagnate, but must continue to develop our relations and deepen them. We must seek new and more effective ways and methods of economic cooperation at a higher level. In particular, we must extensively and directly use the opportunity brought by scientific and technological cooperation. There is great potential in this sphere. In short, to build protracted and stable ties between our two socialist countries, we must expand direct contacts. Comrade Zhao Ziyang's visit will help bring about such a prospect as "China being closer to Poland, and Poland being closer to China."

Since his arrival in Warsaw, the reporter has seen that the domestic situation in the Polish People's Republic is becoming increasingly stable after several years of difficulties, and reform, especially second phase economic reform, is developing steadily. The reporter asked Comrade Jaruzelski to give a brief introduction to this.

On Poland's domestic situation, Jaruzelski said firmly: After a serious crisis, we have restored economic development, thus starting the process of reforming the economy and fundamentally achieving democracy, promoting the stability of society, and increasing understanding among nationalities. He emphasized that the plan for future development of the country before the year 2000 adopted at the 10th Congress of the Polish United Workers' Party is a principle governing the action of the Polish people. Poland is now in a stage of explaining and discussing the main principles of phase two of economic reform. We hope to enrich these principles with the collective wisdom of the working class and laboring people and seek support from society.

After hearing what the reporter had seen and heard in Poland, Jaruzelski said humorously: You see Poland through rose-colored glasses. Although Poland has achieved some results, there are still many difficulties to overcome. Our work is mainly in two fields: 1) We must expand socialist democracy and let people participate in state affairs more extensively. 2) We must carry out economic reform and improve economic results. Jaruzelski said that China is watching the process of reform in Poland, and Poland is also seriously studying some new methods for solving problems in many socialist countries, including the PRC. He pointed out: All socialist countries are carrying out reform, and this is a law of the current historical period. Therefore, continuously exchanging experience in a friendly way is of special significance to both Poland and China.

The reporter then asked Jaruzelski a question on European security and safeguarding world peace. In view of the fact that the Polish people were once suffering from a war and in a bid to safeguard world peace, the reporter asked Comrade Jaruzelski to give an introduction to his recent new proposal on European disarmament and the efforts made by Poland to ease the intense international situation and safeguard world peace.

In reply, Comrade Jaruzelski first pointed out: Due to historical experiences, particularly the disasters and damages caused by World War II to the Polish people, Poland has carried out positive activities to enhance international security and trust. He emphasized that the diplomatic policy of socialist Poland, whether in the past or at present, must serve the prime target of avoiding the threat of war and strengthening international security. He held that under the current general situation of danger, all countries, whether big, medium, or small ones, must actively participate in activities to curb the arms race and jointly assume responsibility, particularly when regional issues or issues involving different regions are involved.

Jaruzelski said: People's China is a nuclear power and your voice is always given serious attention. China's constructive stand on not being the first country to use nuclear weapons, on building non-nuclear areas, and on opposing the militarization of space is of extremely important significance.

He pointed out: As Poland is in the center of Europe, its policies focus on solving problems in this area. Europe is now filled with destructive weapons. He held that the Soviet Union and other socialist countries have raised various positive proposals, and it is based on this spirit that he raised Poland's proposal on reducing armaments in the vast area of Central Europe and enhancing trust. However, Comrade Jaruzelski emphasized that no matter how important the proposals and suggestions are, we must, in people's daily activities, consolidate peace and develop international cooperation and trade ties, so as to promote mutual understanding. This is obviously beneficial to safeguarding world peace.

In conclusion, the reporter took the opportunity to ask Comrade Jaruzelski to address the Chinese people. Jaruzelski said delightedly: I extend my sincere regards and best wishes to the great Chinese people, to the CPC and its leaders, to the PRC Government and its leaders, and to Comrades Zhao Ziyang, Deng Xiaoping, and Li Xiannian, and wish them every success.

He said: During my visit to your beautiful and hospitable country, I personally felt the diligence and patriotism of the Chinese people. I am still deeply impressed by the brilliant cultural relics of several thousand years in your country. Modernized construction particularly demonstrates the great talent of the Chinese people. Under the leadership of the CPC, you are actively participating in the struggle to achieve all-round modernization. All people who advocate progress in the world are happy about this, because this is beneficial to the Chinese people and the entire socialist force in the world.

Also present at the interview were Wen Youren, chief reporter of the XINHUA Warsaw branch, and Liu Yanshun, a counsellor of the Chinese Embassy in Poland.

JARUZELSKI WELCOMES ZHAO ZIYANG ON ARRIVAL

OWO41350 Beijing XINHUA in English 1336 GMT 4 Jun 87

[Text] Warsaw, June 4 (XINHUA) -- Chinese leader Zhao Ziyang arrived here this afternoon to begin a landmark trip to five East European countries, the first by a top Chinese leader in a quarter of a century.

Polish party and state leader Wojciech Jaruzelski greeted Zhao at Okęcie Military Airport southwest of Warsaw.

Descending from the plane to a group of senior Polish officials led by Jaruzelski, Zhao looked pleased to see the Polish leader for the second time. They met in Beijing last September during Jaruzelski's three-day working visit to China.

Zhao is here on an official goodwill visit in his capacity as acting general secretary of the Chinese Communist Party and premier of the State Council.

Poland is the first stop on this five-nation East European tour, which will also take him to Democratic Germany, Czechoslovakia, Hungary and Bulgaria. He will continue his journey to Pakistan in South Asia before returning home late this month.

The five East European nations were among the first countries to establish diplomatic ties with China after the founding of the People's Republic in 1949. Their relations with China were good in the 1950's.

Zhao's current tour is seen as an event of historical significance for China's relations with these countries, which had been estranged for over two decades. The freeze began thawing a few years ago with the joint efforts of China and the five nations.

The high-level exchange of visits by East European and Chinese leaders in recent years has led to the full normalization of state relations and the resumption of ties between the Chinese Communist Party and those of Eastern Europe.

Speaking to reporters at Beijing Airport shortly before his departure Wednesday, Zhao expressed satisfaction with the improved ties between China and Eastern Europe.

He said his trip will further enhance mutual understanding and cooperation with Eastern Europe.

During his five-day visit to Poland, Zhao will hold talks with Jaruzelski on bilateral and international issues, and meet with Premier Zbigniew Messner and other Polish leaders, according to Chinese officials.

Late Chinese Premier Zhou Enlai traveled to Poland twice in the 1950's and Polish leaders, including Boleslaw Bierut, also visited China during that period.

PRC COAL MINISTER ON GROWING TRADE WITH POLAND

OW031319 Beijing in Russian to the USSR 1800 GMT 2 Jun 87

[Report on PRC Minister for Coal Industry Yu Hongen's radio address to Polish listeners]

[Text] Yu Hongen, PRC minister of coal industry and chairman of the Chinese side of the Chinese-Polish Economic, Trade, and Scientific and Technical Cooperation Commission, on the eve of Comrade Zhao Ziyang's visit to five East European countries, addressed Polish radio listeners through Beijing Radio. He spoke about the development of economic, trade, and scientific and technical cooperation between China and Poland over recent years.

In May of last year, Minister Yu Hongen visited Poland as the head of a delegation. The hospitality of the Polish people and Poland's achievements in building socialism left a deep impression on him.

He began his speech with warm greetings and an expression of best wishes to the Polish people.

In his speech, Minister Yu Honger dwelt on the development of trade between China and Poland since the creation of the Chinese-Polish Economic, Trade, and Scientific and Technical Cooperation Commission in 1984. In May 1985, he said, the Governments of China and Poland signed a trade agreement for the 1986-90 period which laid a good foundation for stable development of trade relations between the two countries.

In May of this year in Beijing, the third meeting of this commission took place and ended in complete success. Based on a trade agreement for 1987, both sides have agreed to increase the volume of trade between them to the 1986 level.

Trade between China and Poland is developing rapidly. In 1979 the volume of trade was 480 million Swiss francs; in 1985 this figure amounted to 1.3 billion Swiss francs; whereas in 1986 it further grew to the sum of 1.5 billion Swiss francs.

Scientific and technical cooperation between China and Poland is also good, continued Yu Honger. In 1986 the governments of the two countries signed a scientific and technical cooperation between the two countries in the areas of machine-building, metallurgy, communications, light and textile industry, standardization, and other areas, as well as an exchange of experiences and documentation, and an increase in exchanges of delegations.

Minister Yu Honger particularly commented on the long and fruitful cooperation which began in the 1950's in the sphere of coal industry between China and Poland -- countries with rich coal deposits. In recent years it was given a new boost and all-round development.

China imported coal mining equipment and corresponding technical documentation from Poland. Both sides will jointly build coal enrichment plants and city gas plants.

Direct cooperation ties have also been established and in the spheres of scientific research, mine design, mine safety and education. For example, both sides are exchanging familiarization delegations and are jointly working on research topics, designs for coal mining equipment, and preparation of cadres. Ties and cooperation between various industry organs are now developing.

These ties of cooperation facilitate the cause of building socialism in China and Poland, as well as help deepen the mutual understanding and friendship between the peoples of both countries.

In conclusion, PRC Minister of Coal Industry Yu Honger wished the Polish people even greater success in socialist building under the leadership of the Polish United Workers Party.

PRC REPORTED TO HAVE CARRIED OUT NUCLEAR TEST

AU050930 Vienna ORF Teletext in German 0907 GMT 5 Jun 87

[Text] Stockholm -- According to Swedish scientists, China today carried out its first nuclear test since 1984.

According to information from the Hagfors Seismological Observatory the underground explosion was triggered in Xinjiang Province at 0500 GMT. Its explosive power is probably below 150 kilotonnes.

Hagfors ranks among the leading scientific observatories for nuclear tests. So far the Foreign Ministry in Beijing has not commented on the report.

WEN WEI PO CITES ZHAO ZIYANG'S 'IMPORTANT SPEECHES'

HK050244 Hong Kong WEN WEI PO in Chinese 5 Jun 87 p 2

["Special feature" by Beijing correspondent Liu Jui-shao: "Some Trends in Chinese Politics"]

[Text] Yesterday, Zhao Ziyang embarked on his visit to Eastern Europe. Before going on this trip, he made three important speeches. One was delivered on 13 May at a conference on theoretical and propaganda work held at Huai Ren Hall; the second was delivered at a meeting of the Central Committee Secretariat; and the third was delivered at a national meeting to sum up party rectification work. From the happenings before and after he delivered these three speeches and from what was discussed at the meeting on party rectification, one can get a picture of the contemporary situation in China and of how the situation has developed since the beginning of this year.

Since the beginning of this year, when the country began the campaign against bourgeois liberalization, Zhao Ziyang has hoped that after the NPC session in April, the economy, production, the reforms, the opening up policy, and the revitalization of the domestic economy will be stressed anew. However, various ideas and resistance have emerged. Some people think that the contract and lease systems are capitalist practices, that the system of the plant director assuming full responsibility means a departure from party leadership, and that the development of commodity production and the economy is aimed at shattering the foundation of socialism. Others equate the political structural reform with an effort to dispute the party's leadership. Some have even suggested that the reforms and the opening up policy are to blame for bringing about bourgeois liberalization. In conclusion, some have gone beyond what was discussed in the speech delivered at the Spring Festival gathering this year (the limits of the struggle "against bourgeois liberalization").

After making an effort to deepen people's understanding and launching some positive propaganda campaigns, Zhao Ziyang thinks that now that the situation concerning bourgeois liberalization has been reversed and the social climate has changed, it is time the country reemphasized economic construction, production, stability, and unity and people should no longer interpret the reforms in terms of rigid and "leftist" ideas or allow them to affect the reforms. Thus, he suggested that the country should switch from a parochial outlook to a liberal attitude, that many reforms were about to be implemented in addition to those that have been implemented, and that people should take new conditions and new circumstances into consideration in their work.

From Zhao Ziyang's speeches and from what was discussed at the meeting on party rectification, one can see that after thinking things over, party members (including party leaders) are beginning to agree on some issues. The most important thing is their realization that neither of the two basic points -- "adhering to the four cardinal principles and opposing bourgeois liberalization" and the principle of "carrying out reforms, opening the country to the world, and revitalizing the domestic economy" -- can be stressed at the expense of the other. Zhao Ziyang thinks that the principle of carrying out reforms and opening the country to the world is the overriding guiding principle for the country's socialist modernization. Bo Yibo thinks that a planned commodity economy is identical with the reforms and the opening up policy. Yang Shangkun has suggested that importance should be attached to both production relations and the productive forces. It is reported that Zhao Ziyang's speech at Huai Ren Hall was approved by Deng Xiaoping and revised twice at meetings of the Central Committee Secretariat before it was delivered. Thus, it can be seen that what is discussed in this speech has been accepted by people and has become the dominant trend.

It can be seen from responses to Deng Xiaoping's evaluation of the situation since the beginning of this year that in addition to preventing bourgeois liberalization, China will also try to prevent people from opposing rightism by "leftist" means. During their recent China visits, some visitors from Eastern Europe have discussed their experiences and suggested that in the course of their reforms and opening themselves to the world, "leftist" influence has always been greater than rightist influence in socialist countries. During his recent meetings with some foreign visitors, Deng Xiaoping suggested that it is necessary to pay close attention to "leftist" tendencies, pointing out that "leftist" things had cost China about 20 years, hence the need to oppose both "leftism" and rightism if there is any, and stressed anew the problems of reforms and the productive forces.

It can also be seen that Zhao Ziyang's speeches and related issues have been reported on with a more liberal attitude. When Zhao Ziyang finished his speech at Huai Ren Hall, the people who presided at the meeting immediately said that participants in the meeting could convey the speech right away without waiting for the official document. Therefore, all the major newspapers have published editorials and commentator's articles to elaborate on Zhao Ziyang's speech. They have also promptly reported on the meeting on party rectification in order to enable people abroad to understand China's policy without delay and to dispel their doubts. They have learned from past experience. Judging by the overall situation, one can see that nothing can prevent China from continuing to carry out reforms, open itself to the world, and revitalize its domestic economy.

HONG KONG PAPER VIEWS HU QILI, PRC POWER STRUGGLE

HK040357 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 87 p 9

["Analysis" by David Chen]

[Text] Mr Hu Qili, at one time the most favoured protege of the deposed Chinese Communist Party chief, Mr Hu Yaobang, and said to have "betrayed" his former mentor, is to preside over the party Secretariat while the acting General Secretary and Prime Minister, Mr Zhao Ziyang, is in Europe.

Mr Zhao made this surprise disclosure at Beijing airport yesterday before leaving for Poland.

In presiding over the party Secretariat, Mr Hu is practically standing in for Mr Zhao as the party chief, although Mr Zhao stopped short of claiming that Mr Hu was "acting party general secretary".

The announcement was a severe blow to the conservative ideologue, Mr Deng Liqun, a party Secretariat member, who had aspired to head the Secretariat and become general secretary.

Mr Hu Qili, 58, has been a strong advocate of the reformist camp.

Relatively young in the Chinese hierarchy, he was at one time mentioned by Mr Hu Yaobang as his successor.

He stepped into the political limelight only in the early 1980s when he was Mayor of Tianjin.

Highly successful in his post, he was seconded to Beijing and became first secretary of the Communist Youth League.

Shortly afterwards, he joined the Politburo and was made a member of the 11-member party Secretariat, headed by Mr Hu Yaobang.

In the past three years, Mr Hu Qili has been prominent in the political arena, visiting Australia and Japan with Mr Hu Yaobang.

Domestically, he has also travelled widely and made several major policy speeches, especially on reform.

One of the highlights of his career was his challenge of -- and triumph over -- the two older ideologues, Mr Deng Liqun and Mr Hu Qiaomu, at the height of the anti-spiritual pollution campaign in 1983.

On several occasions, it was learned, Mr Hu Qili presided at Secretariat meetings when the elder Mr Hu was away.

But towards the end of last year, when the tide turned against Mr Hu Yaobang, Mr Hu Qili began to distance himself from his mentor.

Since the anti-bourgeois liberalisation campaign was launched in the wake of student unrest last winter, Mr Hu Qili has been associated with Mr Wan Li, the senior vice-premier, while several of Mr Hu Yaobang's other proteges lost their jobs.

It was not until April when Central Party Directive No 8 was publicised that Mr Hu's role in the current power struggle was disclosed.

It was said, according to the directive, that he had told the country's top leader, Mr Deng Xiaoping, that Mr Hu Yaobang had formed a clique with the Foreign Minister, Mr Wu Xueqian; the Minister for State Security, Mr Jia Chunwang; the Vice Premier, Mr Qiao Shi; the former Communist Youth League chief, Mr Wang Zhaoguo, and himself.

It was generally believed then that Mr Hu Qili's disclosure and his subsequent disassociation from the elder Mr Hu enabled him to remain in office.

But few people believed he would retain the same power and prestige, let alone succeed Mr Hu Yaobang.

Mr Zhao's announcement, as he was leaving on a three-week tour of East Europe, was therefore significant, analysts said.

It indicated that the reformists under him still retained control of the party Secretariat, which has taken over the day-to-day running of the party from the Politburo.

However, this does not necessarily mean that the reformists have won the day.

Rather, analysts say, the announcement on Mr Hu is only to be expected.

Had any other party man been in charge of the Secretary affairs, it would have meant a serious blow to Mr Zhao and even possible loss of control over party affairs while he is away from Beijing.

"A power struggle is definitely going on in China," said one analyst.

"It is expected to intensify when Mr Zhao returns from East Europe and when all the top leaders take their summer holiday at Beidaihe next month."

Important party issues are expected to be made during the break at Beidaihe, including the personnel to be chosen to fill top posts at the 13th National Party Congress in the autumn.

CHENG MING NOTES ALLIANCE BETWEEN DENG, WANG ZHEN

HK041523 Hong Kong CHENG MING in Chinese No 116, 3 Jun 87 pp 14, 15

[Article by Ho Feng (6320 7364): "The 'United Front' of Deng Liqun and Wang Zhen"]

[Text] Deng Liqun Found His Allies in the Central Advisory Committee [subhead]

The headquarters of the CPC conservative diehards is the CPC Central Advisory Committee. Many people at home and abroad have realized this fact.

In fact, Deng Xiaoping had thought for a long time before he designed the setup of such a special organ which is unprecedented in China and other countries. Several years ago, when Deng Xiaoping, Hu Yaobang, and Zhao Ziyang joined hands in carrying out reform, Deng did have some determination. He prevailed over all dissenting views and refused to be party chairman of the Central Advisory Committee. His purpose was to prompt the muddleheaded and incompetent senior officials to quit their positions on the first line. Although he had good intentions, the actual results were just the contrary. Today's Central Advisory Committee has completely gone against the original plan designed by Deng Xiaoping. It has grasped all the party, government, and military powers in the whole country and has become a "shadow cabinet."

One person is well aware of all this, and he is Deng Liqun, the notorious chief of the leftist faction who is very unpopular among China's writers and artists.

Deng Liqun is ambitious and tricky. He is attempting to seize the supreme power in the party. He has settled on the signboard of the Central Advisory Committee, and he is aware that the Central Advisory Committee holds both military power (there are commanders and generals) and cultural power (there are theoretical authorities) and that there are also party lords and chiefs of various central departments and provincial party committees...

Deng Liqun, who is so astute and savvy, also sought support from Chen Yun, who is often lying on his sickbed, and from Peng Zhen, an old party lord, and Hu Qiaomu, another chief leftist who is skillful in writing articles. They designed a blueprint for toppling Hu Yaobang. Then, Deng Liqun also found another trump card -- Wang Zhen.

Wang Zhen Shares the Same Feelings and Can Easily Become an Ally [subhead]

Wang Zhen, 79, is a career soldier. He was interested in suppressing the student movements late last year and clamored that "I have something hot on my waist."

Wang Zhen has long hated Hu Yaobang, and this was known to the upper circles in Beijing.

In September 1985, this great soldier who made major contributions in protecting Deng Xiaoping and criticizing Hua Guofeng lost his position in the Political Bureau, and he had a grudge against Hu Yaobang for this.

After the central authorities decided to reduce the troops, a large number of old generals retired and some reform-minded younger officers were promoted. Wang Zhen held that this was Hu Yaobang's step to seize military power and to take over the position of chairman of the Central Military Commission... all this became the root of the trouble for Hu.

Wang Zhen's home is a place where the old generals gather together to air their grievances. Deng Liqun later met there with the old generals, and his appearance was like adding fuel to fire. Deng Liqun was good at goading the old generals and aroused Wang Zhen's deep-rooted bad habits. Wang Zhen clamored: "I do not fear anything. If you are afraid, I will fight."

Wang Zhen has good relations with Deng Xiaoping. It is said that the only people who can see Deng Xiaoping without advance notice are Yang Shangkun and this uncle Wang (as Deng Xiaoping's daughter calls him). For many days running, Wang Zhen visited Deng Xiaoping and shuttled between Deng and other party, government, and military leaders to persuade them to take action. Therefore, Wang Zhen made the greatest contributions to the downfall of Hu Yaobang and to the unfolding of the struggle against bourgeois liberalization.

When this was revealed, some Chinese intellectuals did not believe it. They asked: How could Wang Zhen and Deng Liqun join hands, as the former is a general, and the latter is just a theorist? And how could Wang Zhen, who is a bullheaded person, be willing to accept Deng Liqun's advice?

Wang Zhen and Deng Liqun Are Old Partners [subhead]

In fact, before that, some people in the CPC top leadership had talked with Wang Zhen about the plan to topple Hu Yaobang, but Wang Zhen's aides advised him not to accept this plan, so Wang Zhen rejected it.

Then, how was the leftist chieftain so influential?

There must be some reason. As a matter of fact, Wang Zhen and Deng Liqun were close friends in the past and they worked together during wartime. So they are close.

During the liberation war, Wang Zhen was commander of the First Army Corps of the PLA First Field Army, and was also commander of the Yanan garrison troops. At that time, Deng Liqun was one of the close aides for Mao Zedong and Zhou Enlai.

In 1950, when Mao Zedong tried to "peacefully liberate" Xinjiang, Deng Liqun was secretly sent to talk with the local government chief as a CPC representative and Mao's special envoy. He succeeded in persuading Boarhan and Tao Shiyue to surrender to the CPC and to crack down on the rebellious troops.

Deng Liqun shuttled between Beijing and Xinjiang many times. When he entered Mao Zedong's private room, he met a general there. That general was Wang Zhen.

After that, Wang Zhen led his troops into Xinjiang.

When the new government was established in Xinjiang, Wang Zhen was secretary of the CPC Xinjiang bureau and commander of the Xinjiang Military Region. At the same time, Deng Liqun was director of the Propaganda Department of the Xinjiang party bureau. This man of letters cooperated perfectly with the general.

Deng and Wang Joined Hands and Succeeded in Toppling Hu [subhead]

In China's political thermometer, once there is a deficit in the economy, there must be a scapegoat among the people in power. This is a given. Hu Yaobang was doomed to be such a scapegoat.

Some people said that Hu was disgraced because of the student unrest. In fact, the student unrest was merely an incident that gave Hu's opponents an excuse, as they had worked out the plan to overthrow Hu.

In late 1986, the internal struggle inside the CPC top leadership became intense. The conservatives quoted figures to show China's economic losses in recent years and forced Deng Xiaoping to make concessions on some major policy decisions.

In order to collect more material for attacking Hu Yaobang, Deng Liqun went to various localities.

Wang Zhen also went everywhere to personally win over more supporters for his plan, and built a "great wall" and encircled Hu Yaobang. At that time, the military became very tense, and it seemed that something might break out immediately.

The failures in the special economic zones, the personnel reshuffle at the coming 13th Party Congress, and the economic deficits all determined the doom of Hu Yaobang. This was inevitable. The student demonstrations just speeded up the downfall of Hu. It was regrettable that Hu Yaobang and other reformers did not perceive this plot beforehand; a historical tragedy was thus caused.

As a result, the Central Advisory Committee won the victory, and the old men's party grasped the power. In China, there is a one-party dictatorship. The NPC, the CPPCC, and various democratic parties are merely decorations. Even the CPC Central Committee, the State Council, and the Central Military Commission are under the control of the Central Advisory Committee. Under these circumstances, how could China develop? How could reform and opening up be really carried out?

Deng Liqun's Influence Among Senior Cadres [subhead]

It is more noticeable that Deng Liqun, the leading leftist who is good at stirring up trouble, has not only had supporters in the top leadership, but also has some influence among senior cadres in general.

In the past, many "young people with lofty ideals" hated the KMT tyranny and left the areas under the KMT rule for the "revolutionary sacred base" Yanan, and the first step they took in the communist areas was guarded by Deng Liqun, who was then secretary of the CPC Committee of the central organs. The cadres from Yanan were later assigned to all parts of the country, and many of them are not chief leaders at the provincial or city level. They have deep-rooted relations with Deng Liqun. This also provides a power base for this leading leftist.

PROVINCIAL CRITICISM OF WANG RENZHI REPORTED

HK040907 Hong Kong CHENG MING in Chinese No 116, 3 Jun 87

["Reference news" article by Chen Ming (7115 2494): "Wang Renzhi Criticized by Lower Levels"]

[Text] Newly-appointed CPC Central Committee Propaganda Department director Wang Renzhi has a curious theory devoid of all sense of shame, and that is, he describes this opposition to bourgeois liberalization as the CPC's second "drive to bring order out of chaos." According to reports, this viewpoint of Wang Renzhi encountered criticism from the government and public as soon as it was proposed. Acting General Secretary Zhao Ziyang pointed out that it was incorrect.

According to this reporter's information, departments concerned in at least three provinces and cities including Shanghai and Gansu have so far notified the central authorities of their disagreement with this view.

Under suspicion of "liberalization," Pan Weiming, Propaganda Department director in the Shanghai Municipal CPC Committee, (he was indulgent toward the ideologically emancipated SHEHUI BAO [SOCIAL JOURNAL], and SHIJIE JINGJI DAobao [WORLD ECONOMIC HERALD]) was transferred to the central party school in Beijing to "study" at the beginning of this year. However, the Shanghai Propaganda Department, which is currently without a director, recently sent a brief report to the CPC Central Committee Secretariat sharply criticizing by name Wang Renzhi's theory of the "second drive to bring order out of chaos."

This is the first time since the CPC came to power that a lower-level propaganda department has criticized a Central Propaganda Department director by name. This is a serious challenge to the new authorities in the CPC's propaganda division.

According to informed sources, the brief report of the Shanghai Propaganda Department consisted of the minutes of a seminar recently held by Shanghai theoretical and academic circles.

BEIJING RIBAO CHIEF RAPS HONG KONG, TAIWAN PRESS

HK040720 Hong Kong CHENG MING in Chinese No 116, 3 Jun 87 p 11

["Reference news" article by Tung Ching (2639 2532): "Xu Weicheng Curses Hong Kong and Taiwan Media"]

[Text] One of the loudest singers in the "anti-bourgeois liberalization" chorus whipped up by the ultraleftists is Xu Weicheng, publisher of BEIJING RIBAO and deputy secretary of the Beijing Municipal CPC Committee. He declared vehemently at a 17 April meeting of directors of district, county, and bureau propaganda departments: You should not imagine that the drive against bourgeois liberalization is over now; it must go deeper. The leading cadres at all levels must clearly understand that this is a major struggle related to the destiny of the party and of socialism. Beijing Municipality must do well in this work and stand in the forefront. Many reactionary Hong Kong newspapers are abusing us now, and so are those in Taiwan. The entire international bourgeoisie is abusing us. Let them do so! The CPC precisely grew amid a chorus of abuse, and we still abide by Chairman Mao's old saying: We should support whatever the enemy opposes. The more vigorously they abuse us, the more it shows how correct is our orientation and how outstanding our work.

It appears that Xu Weicheng's thinking is ossified enough. That he has caught the eye of Deng Liqun and been made his right-hand man is not without reason.

'RUMORS OF RESHUFFLE' IN CULTURAL BODIES CITED

HK040744 Hong Kong CHENG MING in Chinese No 116, 3 Jun 87 p 11

["Reference News" article by Liu Yuan (3177 3220): "Rumors of Reshuffle in Federation of Literature and Art and Writers Association"]

[Text] The leadership groups of many departments and units are facing a reshuffle following the downfall of Hu Yaobang. Naturally, literature and art circles, where the ultraleftists are battling for the upper hand, will be among the prime targets. It is reported that Wu Zuqiang, the well-known musician, who is secretary of the party group of the Federation of Literature and Art, will be dismissed from his secretary post and replaced by the leftist Wang Zhaoxun (who was secretary of the party group of the Dramatists Association). Another rumor holds that Tang Dacheng and Bao Chang, secretaries of the party group of the Writers Association, will be replaced by the ultraleftist big shots Liu Baiyu and Wei Wei.

BO YIBO ADDRESSES CCPIT ANNIVERSARY GATHERING

OWO41118 Beijing XINHUA in English 0700 GMT 4 Jun 87

[Text] Beijing, June 4 (XINHUA) -- A gathering was held here today to mark the 35th anniversary of the founding of the China Council for the Promotion of International Trade (CCPIT).

Addressing the gathering, Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, said that since its founding in 1952, CCPIT has contributed to promoting Sino-foreign non-government trade.

Bo Yibo, also honorary president of CCPIT, said that with the development of China's opening to the outside world and reform, CCPIT has played an active role in promoting China's foreign trade, use of foreign funds, import of advanced technology and Sino-foreign economic and technical cooperation.

Chinese leaders including Yao Yilin, Tian Jiyun and Chen Muhua were present at the gathering which was presided [over] by CCPIT President Jia Shi.

DEFENSE ACADEMY TRAINS RESPONSIBLE MILITARY PERSONS

HKO40901 Beijing RENMIN RIBAO in Chinese 2 Jun 87 p 3

[XINHUA dispatch by reporter Chen Xiangnan (7115 3276 1344): "First Training in a Concentrated Way for Responsible Persons of the Academies and Schools of the Whole Army"]

[Text] Beijing, 1 Jun (XINHUA) -- Today, the commandants of 60 command and technological academies and schools of the whole Army went to the National Defense University to attend the opening ceremony of the study course in education and administration of the academies and schools of the whole Army.

It has been learned that this is the first time since the founding of the PLA that responsible people of all the military institutes of the Army have been called to attend a training course, and this is also an important step toward the reform of the educational structure of military institutes that the Central Military Commission has taken.

Chief of General Staff Yang Dezhi spoke at the opening ceremony. He said that educators must receive education first. Commandants must set a good example for instructors, instructors must set a good example for cadets, and academies and schools must set a good example for PLA units. He said that the focal point of the current academy and school work was to improve the quality of education. It is necessary first to firmly grasp from start to finish the political orientation of running schools. Academies and schools are places for educating people and must be an example for the whole Army. This is the first and basic problem. It is essential to take a correct view of the past experience and traditions, to handle well the relationship between what is inherited and what developed, and to carry out reform in all aspects, including the content of education, the setting up of courses, methods of education, and education facilities.

Yang Dezhi emphasized the establishment of good school work style. He said that the quality of the cadres trained during the war years was very good and a good work style was very important. Although academies and schools have high or low standards and good or bad conditions, there is a unified demand on their work style. It is imperative to put the building of a school work style in an important position.

Entrusted by the headquarters of the Military Commission, the National Defense University has run this study course. At the ceremony, Li Desheng, political commissar of the National Defense University briefed the participants on the guiding ideology of, plan for, and specific requirements for the study course. Yang Haibo, vice minister of the State Education Commission, reported on the situation in higher education in our country and the tasks of and plan for reform. Zhang Zhen, president of the National Defense University, presided over the opening ceremony.

GAO SHANGQUAN REVIEWS ECONOMIC ACHIEVEMENTS

OW040001 Beijing XINHUA Domestic Service in Chinese 1210 GMT 2 Jun 87

[Text] Beijing, 2 Jun (XINHUA) -- In the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, China's reforms have developed from rural areas to cities, from the realm of production to that of circulation and distribution, and from individual projects to invigorate enterprises to overall plans for improving management; and major achievements have been made in reforming the different forms of ownership, operating modes, and functions, or establishment, of administrative government organs -- areas in which reforms have been carried out in various ways.

On 1 June, at the invitation of the Propaganda Department of the CPC Central Committee, Gao Shangquan, vice minister of the State Commission for Restructuring the Economic System, briefed the press in the capital on the situation in China's economic reforms. He elaborated on achievements in the following 13 sectors:

1. Successes, attracting worldwide attention, have been achieved in rural reforms.

In rural reforms, contracted responsibility systems, based on the household and linking remuneration with output, have replaced the people's commune system, under which government administration and commune management were integrated. The peasants' relationship with the collectives has been streamlined. Meanwhile, the state has drastically raised purchasing prices for farm produce and restructured the rural areas' production pattern. In 1986, the output value of forestry, animal husbandry, sideline products, and fishery represented 51 percent of the gross value of agricultural output, and 63.9 percent of industrial and agricultural goods were of commodity grade. Under a new policy adopted since 1985, the state has been making purchases according to contract, and any amount exceeding the contract may be freely marketed. This has expanded the scope of market regulation, bringing the rural economy in line with a planned commodity economy.

2. The urban and rural economies have been revitalized by diverse economic forms and operating modes.

In 1986, state-owned industrial enterprises' output value dropped from 80 percent of the gross industrial output value in 1978 to 70 percent, whereas the output value of collective economies rose from less than 20 to 28 percent; and independent and other economies reached 2 percent from zero. In 1986, collectively-owned industrial enterprises' output value was equal to the total output value of state-owned industries in 1975. In 1986, state-owned commercial enterprises' total sales of consumer goods dropped from 90 percent in 1978 to 40 percent, whereas sales of collective

commercial enterprises (including supply and marketing cooperatives) increased from 7.4 to 36 percent; and sales of independent operators and other commercial outlets increased from 2 to 24 percent. In the light of their different situations, enterprises in cities have adopted all forms of a responsibility system in operation, including contracted responsibility and leading systems, as well as associations in which a number of economic units act as shareholders and partners. Lateral economic cooperation has been vigorously developing. There are now more than 32,000 economic associations of all descriptions in the country.

3. Greater decisionmaking power has further revitalized production and operation.

Over the past several years, the State Council, with the promulgation of 13 documents and 97 regulations on expanding enterprises' decisionmaking power, has clearly prescribed the obligations, authority, and benefits of enterprises as relatively independent commodity producers and operators, changing their former status as appendices to administrative departments. As a consequence of reform, enterprises' current relationship with the state is marked as one in which tasks have basically substituted for profit delivery, and the amount of profit retainable by enterprises has increased from 3.7 percent in 1978 to 42.4 percent in 1986. This has enabled enterprises to accumulate more profits and expanded their capacity for self-improvement and development. Within the enterprises, the director-in-charge system and various other different forms of contracted system for operating responsibilities have been instituted. In accordance with the principle of separating ownership and operating rights, enterprises have explored various forms of a contracted responsibility system which have expedited reform of enterprises' operating mechanism. Incomplete statistics show that over 3,000 state-owned industrial enterprises have been leased or are operating under contract.

4. Market mechanism has begun to play an important role as a result of preliminary reforms in the planning system.

Agriculturally, mandatory plans for acreage and output of grain, cotton, and other major crops have all been replaced by guidance plans. Industrially, the type of goods produced under the State Planning Commission's mandatory plan have been reduced in number to 60 or so from approximately 120 in 1984. In the realm of circulation, the type of materials and equipment under unified state distribution has been reduced to 20 from 256 in 1984. As a result of investment reform, the authority of examining and approving investment projects has been delegated to lower departments. A number of key and open coastal cities, as well as some enterprise groups, have been granted independent economic planning authority.

5. The commodity market has developed rapidly as a result of reform in the circulation system.

The number of commodities directly under the Commerce Ministry's planned management has now been reduced to 23 from 188 in 1979. Even with commodities under unified management, enterprises can self-market products after their production plans are fulfilled. With the increase in commodity supply, rationing of 44 types of commodities, except for grain and edible oil, has been basically abolished. In commodity circulation, the previously close, multi-level, single-channel wholesale system in commerce, characterized by delivery on administrative order at various levels, has been reformed according to the principle of increasing the forms of ownership and management and the circulation channels, and reducing the circulation channels, and reducing the circulation links.

In recent years, large numbers of trade centers, wholesale markets, and farm trade centers have been built, and the number of commercial, catering, clothing, and service trade outlets has greatly increased for the convenience of the people. Moreover, market of production means, short-term capital market, technology market, and labor service market have developed in varying degrees in China. As the multi-level network in the marketing system has gradually taken shape and been constantly perfected, market mechanism is playing a more important role in regulating the economy.

6. The irrational pricing system and its overconcentrated managerial structure have been reformed.

Purchase and marketing of many principal farm and sideline products are now conducted at negotiated, or state guidance, prices. The number of goods under state unified prices has decreased from 113 to 25, constituting about 30 percent of the total sales volume, with the remaining 70 percent sold at guidance or market prices. Thus, the long-standing problem of price discrepancy in manufactured and farm products has been initially solved, and price ratios between different products have been gradually rationalized. Reform in lifting the control of prices of such nonstaple food as vegetables, meat, eggs, and aquatic products, introduced to cities in 1985, has stimulated production of farm and sideline products, and increased the supply in both quantity and quality, thus reducing state financial subsidies. State subsidies for vegetables in large and medium-sized cities decreased to 700 million yuan in 1986 from nearly 1.2 billion yuan in 1984. In manufactured goods, prices of pertinent production means have been readjusted, and of some manufactured consumer goods readjusted and decontrolled, in recent years, with the proportion of those set by the state constituting only 40 percent of the total sales, while prices of over 1,000 kinds of small merchandise have been successively lifted. This has given a strong impetus to promoting the production and circulation of manufactured consumer goods, and improving product mix and market supply.

7. Reform of the wage and labor systems has eliminated the egalitarian practice of "everyone eating from the same big pot" and the "iron rice bowl."

Reform measures introduced prior to 1984 were mainly compensatory wage readjustment, restoration of the reward system, and expanded decisionmaking powers of enterprises in distribution of bonuses. Since 1984, enterprises have tried out various reform measures in wages and bonus distribution. The majority of enterprises are now allowed to float the total amount of bonuses issued with economic efficiency, while some large and medium-sized enterprises have experimented with the practice of floating the total payroll according to economic performance. In 1985, a wage system defining various positions was introduced to institutions, and in the second half of the year, over 300 kinds of wage scales among enterprises were simplified to 5, covering the three industries in a region. In 1986, while assimilating these reform measures, we explored other ways to reform. An important step has also been taken in reforming the labor system.

8. Reform of the finance and taxation system has harnessed the regulatory role of taxation.

Reform measures to increase enterprises' financial resources and authority to distribute profits, such as the introduction of enterprise funds and profit sharing, substitution of tax payment for profit delivery, and various systems of holding enterprises responsible for their own profit and deficit, have been successively carried out, in addition to gradually increasing the depreciation rate; and since 1985, depreciation funds have been wholly retained by enterprises.

Since 1985, budget management systems "apportioning revenues and expenditures between the central and local authorities and holding the latter responsible for their own profit and loss," and "defining different tax categories, examining and approving revenues and expenditures, and holding the local authority at each level responsible for its own finance" have been successively introduced to local governments. The total financial resources under local government budgets now constitute 49 percent of the state budget. Since 1983, income tax has been collected from the profits earned by state enterprises, with a portion of after-tax profits delivered to the state in the form of regulatory tax, and the remaining portion retained by the enterprise. In 1984, the second step of substituting tax payment for profit delivery was taken, and resources tax, and city maintenance and construction tax, initiated. All these measures are conducive to bringing into play the regulatory role of economic levers.

9. Reform of the banking system has promoted development of the capital market.

A banking organizational system, with the People's Bank of China as the leader and the four specialized banks as the pillars, has been initially set up. Moreover, the China Investment Bank, the Chinese People's Insurance Company, the China International Trust and Investment Corporation, the China Communications Bank, and some 50 other trust and investment organizations have been founded, in addition to a number of collective and nonbanking monetary organizations. Currently, there are over 50,000 credit cooperatives in rural areas, and 1,000 in cities. A preliminary capital market has taken shape. In 1986, over 30 billion yuan in funds were circulated between cities. The number of cities in China selected to experiment with banking reform has increased from 5 to 27, and they are trying out the enterprise management system in grass-roots banks. Funds for economic construction now rely largely on credit instead of financial sources. The portion of funds from financial sources annually invested in production, construction, and circulation has decreased from 76.6 percent in 1978 to 31.6 percent in 1986, while those from bank credit increased from 23.4 to 68.4 percent. Everybody is now aware of the interest rate, and "time means money" is no longer an empty slogan.

10. Experiment in comprehensive economic structural reform in selected cities has improved their economic performance.

In recent years, in order to remove long-standing barriers between higher and lower levels and between regions, vigorous efforts have been made to promote lateral economic ties between enterprises and regions, based on support of cities and leadership of large and medium-sized enterprises, and aimed at developing new products and resources. As a result, the financial and economic managerial authority of cities has been expanded. So far, 72 cities in China have been selected to experiment in comprehensive reform, while government organizations in 16 medium-sized cities have tried out the reform. Besides, a number of cities have carried out the experiment of commercializing residential housing. Cities have become the advanced ground and major forces in promoting reform.

11. Openness to the outside world has broadened economic and technical ties and trade with various countries in the world.

Since the basic national policy of opening to the outside world was laid down in 1979, China has taken three major steps in recent years: First, in 1980, the special policy and flexible measures were carried out in Guangdong and Fujian, and four special economic zones were set up in Shenzhen, Zhuhai, Shantou, and Xiamen; second, in 1984, 14 coastal cities plus Hainan Administrative District were opened; and third, in 1985, the Chang Jiang and Zhu Jiang deltas, and the triangle in southern Fujian, were also opened.

In this way, China has opened to the outside world its forward coastal area, which consists of over 200 million people and produces more than half the country's industrial and agricultural output value. This is of great importance to invigorating the economy and opening to the country as a whole. At the same time, China has established 277 joint ventures, or solely Chinese-owned companies, and some 50 engineering contracting companies overseas.

12. Reforms in the scientific and technological system, the educational system, and part of the superstructure have been carried out.

In 1985, the Central Committee successively adopted decisions on reform of the scientific, technological and educational systems. In 1986, Comrade Deng Xiaoping put forward the task of reforming the political structure. Just as Comrade Deng Xiaoping has said, reform of the political structure is bound to be proposed when reform of the economic structure reaches a certain point. Reform in the economic and superstructural fields must be interrelated and promote each other.

Gao Shangquan pointed out: The most important criterion for assessing the success or failure of a reform is to see whether it has promoted development of the productive forces. Reforms in the last 8 years have not only enriched Marxist economic theory, but also promoted economic development and improved the people's living standards.

-- Let us take a look at the steadiness in economic growth. From 1953 to 1978, China's total product of society increased at an average annual rate of 7.9 percent, with the highest rate at 32.7 percent and the lowest rate at -33.5 percent. The highest rate was 24.8 percent higher and the lowest rate was 41.4 percent lower than the average rate. From 1979 to 1986, the total product of society increased at an average annual rate of 10.1 percent, with the highest rate at 16.5 percent and the lowest at 4.6 percent. The highest rate was 6.4 percent higher and the lowest 5.5 percent lower than the average rate, showing that the economic growth has become more stable.

-- Let us take a look at the increase in our country's economic strength. From 1979 to 1986, the average annual increase in the national income was 31.5 billion yuan; while from 1953 to 1978, the average annual increase was 8.4 billion yuan. Comparing 1986 with 1978, the GNP increased by 102 percent, the national income rose 95 percent, state revenues were up 98 percent, and the departmental, local, and enterprise extrabudgetary funds grew 380 percent. In 1978, our electricity, steel, coal, and petroleum output ranked seventh, fifth, third and eighth in the world respectively; while in 1986, they moved up to fifth, fourth, second and fifth places in the world respectively.

-- Let us take a look at the people's living standards. Comparing 1986 with 1978, rural people's per capita income increased to 424 from 134 yuan, and urban people's per capita income for living expenses increased to 828 from 316 yuan. If price rises are factored in, the real rural and urban per capita incomes rose 160 percent and more than 80 percent respectively. Comparing 1986 with 1978, urban and rural savings deposits increased to 230 billion yuan from 216 billion yuan. In these 8 years, about 60 million people found jobs in urban areas, and the unemployment rate dropped to 2 from 5.3 percent. In 1978, the difference between the rural and urban levels of consumption was at a ratio of 1:2.9; while in 1986, the difference narrowed, and the ratio became 1:2.3. The quality of consumption has improved, and the consumption patterns have changed. The household stock of durable consumer goods has increased rapidly.

NONGMIN RIBAO ON ADHERING TO RURAL ECONOMIC REFORM

HK030339 Beijing NONGMIN RIBAO in Chinese 18 May 87 p 1

[Commentator's article: "This 'Framework' Must Not Be Broken"]

[Text] At the start of the struggle against bourgeois liberalization, the central authorities clearly stated the scope and focal point of the struggle, pointing out that it will mainly be conducted in the political and ideological spheres with emphasis placed on resolving problems of political principles and orientation, and the policy of economy reform will not be involved. In particular, the struggle will not be conducted in the rural areas. The practice in the past 6 months shows that this stipulation is a perfectly correct one. It has had great effects on stabilizing the economy, people's hearts, and the overall situation, and on guaranteeing the healthy development of urban and rural reforms and the struggle against bourgeois liberalization.

The situation as a whole is excellent. But a few comrades still have some wrong ideas. They think that "the deepest root of bourgeois liberalization comes from the economic sphere" or even say that "the contract system based on households with payment linked to output destroys the basis of the collective economy," and the "framework" should be broken so that the struggle against bourgeois liberalization can be extended to the economic sphere. We need to tell these comrades that their opinions are not correct. This "framework" should not be broken and we are not to break it.

In the case of rural areas, the reforms implemented since the 3d Plenary Session of the 11th CPC Central Committee have scored achievements that attract world attention. A preliminary structure of a new rural economic system has formed and the oil self-sufficient and semisufficient production is now giving way to a commodity economy. Total agricultural production value and the output of various agricultural and sideline products have increased by a big margin for several consecutive years. Since the problem of not having enough to eat and wear has been initially resolved, tens of millions of peasants imbued with confidence are now advancing towards the goal of wealth and prosperity. Should the 800 million peasants not praise such a policy and support such reform? How can we say that it is the root of bourgeois liberalization and that the contract system based on the household with payment linked to output destroys the basis of the collective economy? If the "framework" is broken, and these reforms which enjoy immense popular support and are entirely in line with Marxism are criticized as liberalization, a situation will occur in which people are in a state of anxiety, production is wrecked, and society becomes chaotic, and the hard-won excellent situation will no longer exist. If this happens, the mass of peasants will certainly not agree to it.

This certainly does not mean that there is no weakness or fault in rural reform. There are weaknesses and faults, but they are not issues related to the reform or policy. They are problems in work, and the way to handle them is to overcome and correct them. They cannot be lumped together with bourgeois liberalization, which has a special meaning.

The various basic economic policies which are carried out now, including the rural policy, are formulated by the CPC Central Committee in accordance with the party's four cardinal principles. They have proved correct in practice and are definitely not related to problems of liberalization or non-liberalization. [paragraph continues]

If they are forcibly related to liberalization, then criticism will be made on the line and policy of the party, not on liberalization. This will not only hamper economic development, but also cause the struggle against bourgeois liberalization to go astray.

The reason why this "framework" cannot be broken is not difficult to understand, so why do some comrades still want to break it? In terms of the source of understanding, their ideologies have still not been entirely freed from the ties of some outdated, stagnant, and ossified economic views. The following condition which still exists in the study of economic theory deserves our attention. In observing an economic policy, pattern, or phenomenon, focus is not placed on investigating whether it is conducive to promoting the development of productive forces, strengthening the socialist material basis, and catering for people's material and cultural needs; whether the orientation is on the right track is simply judged by looking at the production relations in isolation. In this way, although such policies as the contract system based on the household, permitting the existence of individual economy and private enterprise, and allowing some people to get rich first by their labor, which are implemented in the rural areas, are conducive to the development of the productive forces, they are still regarded as deviating from the socialist orientation and labeled as bourgeois liberalization. We must eliminate such wrong viewpoints that are divorced from practice and life.

The rural reform has been carried out for 8 years. By recalling the various comments that people have made on the rural reform during the past 8 years, we can see that their understanding has been raised and deepened. However, in view of the present situation in which a few people want to break through the "framework" and take the party's economic policy as liberalization, propaganda related to the reform of the rural economy should be improved. While publicizing the excellent situation of the reform, we must also publicize the correctness and the stability of the existing policies and the socialist nature of our reform implemented in these few years, and the fact that adhering to and deepening the reform is the only way to invigorate our country's rural economy.

RENMIN RIBAO ON DOUBLE TRACK GRAIN PURCHASE SYSTEM

HK021216 Beijing RENMIN RIBAO in Chinese 25 May 87 p 1

[Commentator's article: "Both Tracks Go in the Same Direction -- On the Correct Understanding and Implementation of the 'Double Track System' for Grain Purchase and Marketing"]

[Text] To establish and perfect the agricultural products market system and develop a planned commodity economy is the central task in the second stage of rural reform. At present, the purchase and marketing of most agricultural products have been liberalized. For a staple agricultural product like grain, the purchase and marketing system has also been abolished. An important step forward has been taken in reform. The "double track system" with contracted purchases going hand in hand with purchases on the market has been introduced. This means that the state obtains a portion of its requirements at stipulated prices on a contract basis while allowing freedom in purchasing and selling grain not under contract at market prices. This practice is also known as "rigidity in one area" and "flexibility in another." The purchases contracted for as peasants' sales commitments to the state must be guaranteed, while grain not covered by the purchase contract must really be liberalized. According to reports from various areas, peasants are in support of this reform measure. The target for contracted grain purchases this year has basically been met at the county level and, in some cases, at the household level.

Experience in the past 7 or 8 years tells us that reform is a relatively protracted progressive process. Therefore, we must actively promote reform and bravely forge ahead. We must also pay attention to avoiding an undesirable impact on society and seek steady progress. The "double track system" for grain purchase and marketing is a correct choice made in light of this guiding idea and actual conditions. The two tracks follow the same direction. The direction calls for persistently reforming the system for planned state purchases and fixed quota purchases and gradually establishing and perfecting a grain market system in a switchover from the distribution of products to a planned exchange of commodities.

Some comrades may ask: "Since there is a reform, why can we not introduce one single track with liberalization realized at one stroke?" The reason is that this reform is extremely complicated and extremely difficult, involving every industry, every unit, and every person in urban and rural areas. Given the consumers' inability to absorb psychological pressure brought about by a series of price rises and also the state's inability to immediately establish and perfect a grain purchase and marketing system under market liberalization conditions, and given other factors, the introduction of liberalization at one stroke will naturally produce a very great impact on society. It therefore does not work. In this regard, we must make things clear to peasants. Through patient explanation, we must realistically get across to them the difficulties and contradictions in reform, win them over, and guide them in understanding the situation of reform and economic development as a whole and taking the fulfillment of the contract for purchases as a proper duty.

The "double track system" not only allows upholding the direction for reform and the guideline for steady progress, but also takes into account the needs of the state and the interests of the peasants. The state introduces a policy of preferential treatment concerning contracted grain purchases. For example, low-priced chemical fertilizers and diesel oil are provided. Payments for contracted purchases are effected in advance, with the introduction of the "three link-ups." The grain transferred to other areas involving higher costs is allowed to be sold at higher prices, with the principle of fairness upheld. With the development of grain production, the state will also, in light of its own financial state, reduce the portion of contracted purchases from year to year (with a national reduction of 10 billion kilograms this year compared with last year) and increase the portion put on a liberalized purchase and marketing basis, enabling grain growing peasants to reap greater actual benefits from year to year. Today, with the deepening of the rural reforms, the environment for grain production has changed. A diversified economy has been developed. The benefits realized from the growing of grain have been relatively small. The peasants' enthusiasm for the planting of grain is not high. Economically developed areas have given an especially outstanding performance. The introduction of the "doubletrack system" helps in arousing the peasants' enthusiasm for the growing of grain.

A correct understanding of the "double track system" is a prerequisite for its correct implementation. The problem now is that a number of comrades have not understood the essence and direction of the "double track system." In its introduction, it takes on a distorted form. A letter from two comrades of Yuncheng Prefecture, Shanxi Province has reflected problems in this regard in a relatively intensive way. For example, contracted purchases are added to at every level. The grain that should have been sold at negotiated prices has also been put on a contract basis. This means acting against the original aim of the "double track system." Some areas have again imposed rigid controls on the portion of grain put on a negotiated price basis -- a portion that should have been enlarged -- doing so under various pretexts. They subject not only quantity but also prices to rigid control. What is the difference that sets this practice apart from planned state and fixed quota purchases? [paragraph continues]

Sheer administrative means are used in imposing purchase quotes. This is also a relatively common problem when contracting for grain purchases. Many comrades have gotten used to the previous work method of adding to targets at every level. They are not good at combining economic work with ideological mobilization that should be carried out in a conscientious manner. As far as complicated reform work is concerned, this work style is especially harmful. Experiences in many areas show that peasants are reasonable. So long as we reason things out with them, make arrangements for purchase targets that are compatible with reality, and really introduce the policy of preferential treatment, they are capable of taking the whole situation into account in properly handling the relations between the interests of the state and individuals.

The "double track system" is a new task and also a measure to be introduced for a relatively long period to come. The situation about its implementation now is, on the whole, healthy. There is no need to fuss over the appearance of problems of all kinds in the process of implementation. So long as we sum up experiences in good time, correct deviations, and gradually seek perfection and consolidation, cadres and peasants will prove capable of slowly adapting themselves to it.

LETTER ON BREACH OF GRAIN PURCHASE CONTRACT

HK021218 Beijing RENMIN RIBAO in Chinese 25 May 87 p 1

["Letter" from Sun Enjian (1327 1869 0313) and Liu Wenbao (0491 2429 6283) of the Agricultural and Industrial Department of Yuncheng Prefecture: "Distortion Is Not Permitted in the Implementation of the System of Contracted Grain Purchases"]

[Text] Comrade Editor:

We of Yuncheng Prefecture, Shanxi Province, fulfilled the grain purchase contracts in a relatively quick manner this year. But there also appeared some problems that had a great effect on the countryside, as follows:

1. Quotas were added to from level to level. To let peasants get more income from the sales of more grain at negotiated prices, the central authorities this year decided to appropriately reduce contracted purchases and get rid of the practice of making purchases through a third party, with the continuous implementation of the "double track system" that calls for both contracted purchases and purchases on the market. But in its implementation, the "double track system" was distorted by some areas. The province this year changed agricultural taxation from money to grain and obtained a total of 409 million kilograms of grain on a contract basis and at negotiated prices. This was handed down as a mandatory target. To insure fulfillment of given targets, there was added a quantity of 12.98 million kilograms at the prefectural and country levels. At the town and township levels, various fees collected from the peasants were again made payable in grain. According to incomplete statistics, 35 towns and townships in the prefecture collected from peasants extra charges for education, contributions to funds for the benefit of disabled servicemen, contributions to construction funds, and other fees, all paid in grain totaling more than 3.28 million kilograms. This requirement and the state's target were imposed on the peasants at the same time. With given quantities added to at every level and with the village level at last committed to them, the peasants of the whole prefecture had to surrender 425.273 million kilograms of grain, an increase of 4 percent over the original three separate quotas handed down by the province.

2. Administrative means were used to impose assignments. Overambitious quotas put great pressure on the leadership at every level and business departments. To fulfill given quotas, some people resorted to administrative means in imposing assignments. Linyi County summoned the heads of various towns and townships to the county in handing out assignments. After he announced the assignments, he did not let those people present conduct discussions, air their views, or spell out the difficulties involved. The meeting ended after half an hour. Various town and township heads also used the same means in imposing assignments on villages. Wenxi County mixed agricultural taxes in kind with contracted grain purchases, with assignments imposed under the new name of "contracted purchase quota." Some counties lumped together several separate grain "quotas," which were assigned to households under the general name of "state assignments." Prices were not immediately negotiated. At the time of purchase, prices for "three categories of grain" were calculated in working out an average price, with such grain procured at the same time.

Basic-level cadres' simple and crude ways of doing things hurt the feelings of peasants. Some peasants erased the established figure in the notification about an assignment and inserted instead a figure for the grain that they themselves could provide, returning it duly signed. Some other peasants refused to sign the relevant contract.

3. The "linked" commodities were scarce and complicated formalities were involved.

Last year the "three link-up" policy was not put into practice, with a loss of credibility among the people. This year, many areas distributed chemical fertilizer and diesel oil coupons to peasants, stressing that they would be valid. But still many problems remained. First, the linked commodities were too scarce. It was inconvenient for peasants to obtain them. The peasant households of the whole prefecture each sold an average of 314 kilograms of grain under quota, but each had an average share of less than one bag of linked standard chemical fertilizers. The policy called for the distribution of chemical fertilizers on a proportionate basis over different periods of time. But supply and sales cooperatives generally were unwilling to sell [chemical fertilizers] in odd lots. Second, linked commodities were not brought to the peasants in time to meet seasonal needs in the countryside, with "the delivery being too late." While chemical fertilizers were supplied in four separate seasons, the province wanted to hand out diesel oil only in the third or fourth quarter. Peasants said: Without chemical fertilizers and without diesel oil, how can we guarantee a bumper grain harvest this year? In the first part of April, we made an investigation in Tonghua Township, Wanrong County. It turned out that the peasants had still not seen the linked chemical fertilizers. All they could do was to obtain chemical fertilizers in other areas at higher prices.

To firmly carry out and perfect the contracted purchase policy, we must really reduce the portion of purchases under contract and increase purchases at negotiated market prices. We must really carry out the "three link-up" policy. To do a good job of this work and solve the problem of the policy being distorted in its implementation, we must strengthen education on policy among basic-level cadres. We must do a good job of publicizing policy and of political and ideological education, and arouse the masses' enthusiasm for grain production by doing work in a conscientious manner.

JIANGXI LEADERS MOURN DEATH OF CPC MEMBER

OW030045 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 29 May 87

[Excerpts] Some 700 deeply grieving people attended a ceremony to pay last respects to the remains of Comrade Zhang Guozhen, an outstanding CPC member, vanguard of the proletariat, and former vice chairman of the provincial People's Congress Standing Committee, at the Nanchang City Funeral Home this morning. They included leading comrades of party, government, and Army organizations in Nanchang and representatives of various circles. [passage omitted]

Leading and veteran comrades sending wreaths and attending the ceremony included Bai Dongcai, Wu Guangzheng, Liu Fangren, Xu Qin, Fang Zhichun, Zhao Zengyi, Wang Shufeng, Wu Ping, Fu Yutian, Jiang Zhuping, Wang Zhaorong, Wang Baotian, Lu Xiuzhen, Wang Taihua, Zhao Zhijian, Di Sheng, Wang Tie, Zhu Zhibong, Wang Zemin, Zheng Xiaoxian, Liang Kaixuan, Huang Xiandu, Peng Shengxi, Liu Bin, Qian Jiaming, Chen Guisun, (Shi Shaolin), Yang Yongfeng, Shen Hanqing, Liu Jianhua, Lu Liang, Wang Guande, (Yang Linxiong), (Liu Boxue), Wang Shixian, Zhang Yuqing, Xie Xianghuang, (Wang Jimin), (Wang Dachuan), and (Chen Zhicheng).

Those sending messages or letters of condolence included Qiang Xiaochu, Wan Shaofen, Zhu Kaiquan, Kong Yuan, Du Rusheng, (Wei Wenbo), Tao Lujia, Jiang Weiqing, Huang Zhizhen, (feng Yu), Li Ligong, Chi Biqing, Wang Qian, (Xie Huangtian), Pei Dean, Liu Zhonghou, Sun Xiyue, Fang Qian, Gu Jiguang, He Shikun, Lu Xiaopeng, Guo Qingfen, Li Shanyuan, Wu Yongle, Wu Tiyu, Jin Liqiang, Wu Yunzhong, (Xu Feng), Li Fangyuan, (Wang Zhuochao), (Li Jieyong), Hu Delan, Lai Shaoyao, Zhong Ping, Wu Zhenduo, (Wei Xiuying), Zhu Danhua, (Huang Yuanqing), Luo Mengwen, (Luo Yanzhin), (He Xingzhi), and Peng Mengyu.

Liu Fangren, deputy secretary of the Jiangxi provincial party committee, presided over the ceremony. Wang Shufeng, chairman of the provincial People's Congress Standing Committee, delivered a report on Zhang Guozhen's biography and revolutionary contributions. [passage omitted]

HUBEI INSPECTS PRICING, FEE MALPRACTICES

HK050548 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 3 Jun 87

[Text] The provincial government last night held a provincial telephone conference, calling on all areas to resolutely check the malpractice of arbitrarily raising prices, collecting fees, and apportioning expenses or work. Duan Yongkang, vice governor of the provincial government, delivered a speech at the conference. (Wang Kunsheng) and (Zhou Keren), head and deputy head of the State Council work group for supervising and inspecting the prices of production materials, attended the conference.

In his speech, Comrade Duan Yongkang said: At present, the malpractice of arbitrarily collecting fees, raising prices, and apportioning expenses or work is a very serious malpractice in our province. The common practice of arbitrarily apportioning expenses or work among enterprises has not yet been stamped out despite the fact it has been repeatedly banned. Moreover, this practice has actually been increasing in some areas.

Duan Yongkang noted: If the malpractice of arbitrarily collecting fees and apportioning expenses or work is allowed to develop further, it will undoubtedly increase the burdens on enterprises, present an obstacle to the current in-depth development of our "double increase and double economy" campaign and our contracted enterprises management responsibility system, and disturb the whole economic order. The provincial government has set up the leading group for checking the malpractice of arbitrarily collecting fees and apportioning expenses or work. All areas of provincial departments must also set up corresponding organs to take charge of the task of inspecting and checking up on things in this regard within their areas or departments.

The current task of inspecting things in this regard will focus primarily on administrative and professional charges and also on some management charges with conspicuous problems. In conducting this task, we must stress checking on and rectifying the prices of production materials, the malpractice of arbitrarily collecting fees, and the charges set by our guesthouses, hotels, and hostels. At the same time, we must promote the work of examining and approving different types of charges and standards. In inspecting and checking the malpractice of arbitrarily apportioning expenses or work, we must stress checking the apportionment of urban construction work, the exaction of contributions to the building of public facilities in urban areas, and the apportionment of educational and clothing expenses in various departments and organizations.

Duan Yongkang noted: Leaders at all levels must deepen their understanding of the importance of checking the malpractice of arbitrarily collecting fees, raising prices, and apportioning expenses or work among enterprises. Auditing, financial, price control, tax, and industrial and commercial administration departments at all levels must give full play to their supervisory role, strengthen inspection and auditing work within their operating range, seriously handle typical cases discovered during the inspection in accordance with the relevant state policies, issue circulars throughout the province on a selected number of considerably influential cases, and enforce law upon those who have violated the law. Enterprises should conscientiously implement the policy on prices, resolutely resist all kinds of apportionments, and must not be generous at state expense.

All prefectures, cities, and departments must strengthen contacts with the provincial office for checking the malpractice of arbitrarily collecting fees and the provincial office for checking the malpractice of arbitrarily apportioning expenses or work and regularly send reports to the two provincial offices on the progress made in inspecting and checking up on things in this regard.

PEASANTS IN HUNAN DENIED LOW PRICE DIESEL

HK051312 Beijing RENMIN RIBAO in Chinese 30 Apr 87 p 1

[XINHUA report by Liu Jintong (0491 6855 2717) and Yin Huabing (1438 5478 3521): "Peasants in Hunan's Longhui County Are Denied Diesel Although They Have Coupons"]

[Text] "Township chief, I have diesel coupons, but I have not bought diesel in the first quarter. Please give me some diesel to help me save rice seedling beds." This was the first scene our reporter saw on 17 April when interviewing the Beishan Township people's government, Longhui County, Hunan Province.

The peasant who "begged" oil from the township chief was named Wei Zixian, a native of Qiyang Village, Beishan Township. He lives by Zijiang. Because he had no way to buy diesel and put his water pump into operation, his 1 mu of rice seedling beds rifted due to the drought, seriously affecting the growth of the rice seedlings. In addition, the 7 mu of paddy field he leased to raise rice seedlings also agglomerated due to the drought and it was impossible to sow seeds on the field. There were many similar cases in the township of people with coupons having no way to buy diesel.

It is learned that from January to March this year, the county petroleum company allocated some 51,000 kg of low-price diesel for agricultural use to Beishan Township. This township has a population of some 17,000, and the per capita allocation of diesel was nearly 3 kg. However, due to obstacles in the distribution of diesel level by level, most peasants could obtain coupons for only 0.5 kg of diesel. Most of the diesel coupons have not been honored and were denied or withheld by the township supply and marketing cooperative through various means. According to incomplete statistics, coupons for some 5,200 kg of diesel were not honored in the township last year. Over 75 percent of the diesel coupons in some villages were not honored, and some peasants could not buy 1 liang of diesel in the whole year.

Why could peasants with coupons not buy diesel? According to an investigation, the main reason is that the personnel of some relevant units used the diesel as gifts and presented it to others to establish connections. Shu Shangting, former manager of a supply and marketing sub-cooperative, personally approved the sale of diesel of five occasions and sold more than 450 kg of diesel without coupons.

In April this year, the Longhui County party committee and government organized people to investigate the situation in and reason for the "unauthorized sale" of plenty of diesel for agricultural use in Beishan Township and made a decision on handling the case. The persons concerned should compensate the peasants for the difference of money between low price diesel and negotiated price diesel, and their bonus for last year should be wholly forfeited. They have also instructed the departments concerned to take party disciplinary action and administrative disciplinary action against the persons concerned.

XIZANG LEADERS WELCOME TOURISM REPRESENTATIVES

HK040417 Lhasa Xizang Regional Service in Mandarin 1030 GMT 3 Jun 87

[Excerpts] On the evening of 2 June, the regional tourism bureau held a party in the Lhasa Hotel to welcome representatives of tourism departments of provinces, municipalities, and autonomous regions and responsible persons of departments concerned who have come for the opening of the Xizang Guesthouse. Those present at the function included Pagbalha Geleg Namgya, Wu Jinghua, and Doje Cering. [passage omitted]

Wu Jinghua said in a speech: Xizang is one of the most backward areas in China. However, we have rich natural resources and scenery. We will follow the central instructions by regarding agriculture and animal husbandry as the main factor and tourism as the core in forwarding the development of all other undertakings. We should promote tourism even more rapidly.

XIZANG PLA MEETING DISCUSSES MILITIA WORK ISSUES

HK050413 Lhasa Xizang Regional Service in Mandarin 1030 GMT 4 Jun 87

[Text] The party committee of Xizang Military District recently held an executive meeting to listen to investigation reports on militia work delivered by the departments concerned. The meeting held serious studies and lively discussions in light of the existing problems in work, centered on how to strengthen the building of the reserve force in Xizang in line with the region's realities.

The party committee fully endorsed the role of the militia in Xizang in building the two civilizations and in the border defense struggle. It held that building a united, affluent, and civilized new Xizang cannot be done without the backbone and leading role of the militia. Similarly, defending the motherland's southwest border cannot be done without the active coordination of the militia and the vigorous support of the people.

Comrade Zhang Shaosong, secretary of the party committee and political commissar of the military district, stressed at the meeting: Xizang is a border defense area and a minority-nationality region, and its situation is very special. Its strategic position is very important. We leaders must in the future think more about how to do a good job in militia work. We must step up the ideological, organizational, and professional development of the people's Armed Forces departments and succeed in grasping militia work while grasping PLA work.

The meeting decided that, while doing a good job in PLA work, it is necessary to put militia work on the agenda of the party committee and regard militia work studies as a system for the party committee, to be adhered to for a long time. The leaders at all levels must regularly go to the people's Armed Forces departments and grass-roots militia organizations to investigate and study. In connection with Xizang realities, we must further implement the upper-level instructions on militia work, and bring into full play the role of the militia in building the two civilizations.

YUNNAN FACES DROUGHT, FLOOD, OTHER DISASTERS

HK050423 Kunming Yunnan Provincial Service in Mandarin in 1000 GMT 4 Jun 87

[Excerpts] According to YUNNAN RIBAO, He Zhiqiang, governor of the provincial government, recently stressed: We must eliminate the idea of leaving things to chance, overcome the fear of difficulties, be ready to combat natural disasters, strive to fulfill spring plowing tasks, promote replanting and interplanting work and field management, and ensure bumper agricultural harvests this year.

Comrade He Zhiqiang noted: This year's rainfall in most areas of our province has been small and scattered. In addition, rainfall in our province since the beginning of May this year has been unusually slight. According to a weather forecast, the drought in some areas will develop strongly in the near future. A number of areas may be faced with rain and hailstorms and there are great possibilities for the emergence of locust and grasshopper plagues in our province. The continuous emergence of both drought and floods and other natural disasters constitutes a major obstacle to winning bumper agricultural harvests this year. [passage omitted]

HEBEI SECRETARY AT MEETING TO STUDY 'TWO BOOKS'

SK040532 Shijiazhuang HEBEI RIBAO in Chinese 24 May 87 p 1

[Excerpts] This morning, at a meeting to exchange the experiences of the provincial-level organs in studying "two books," Xing Chongzhi, secretary of the provincial party committee, and Lu Chuanzan, deputy secretary of the provincial party committee, stressed that in deepening the activities of studying "two books," leading cadres should take the lead in integrating theory with practice and do a good job in clarifying all confused ideological problems.

More than 1,500 party members and cadres at and above the section level of the provincial level organs attended the experience exchange meeting. [passage omitted]

During his speech, Comrade Xing Chongzhi emphatically pointed out: At present, we should continue to deepen the activities of studying "two books." First, we must see whether the leading cadres themselves have done a good job in the study; and second, we must see whether the leading cadres are capable of assuming leadership over the study among cadres and party members in line with the actual situations in their own units. We should pay attention to preventing formalism and stressing the actual results of the study. Over the course of the study, it is necessary to mobilize the party members and cadres to freely air their views, boldly raise questions, and learn answers through concerted efforts. If some units cannot solve their problems through their own efforts, they may ask other people to help them find a solution. Through studying the "two books," we must clarify our confused understanding, enhance our superficial understanding, and systematize our odd understanding. It is necessary to realistically implement the line, principles, and policies defined since the 3d Plenary Session of the 11th CPC Central Committee in each and every grass-roots unit and manage this year's two major affairs well.

UNITED FRONT WORK CONFERENCE HELD IN XINJIANG

HK031526 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 2 Jun 87

[Excerpts] A conference on united front work and nationalities affairs, sponsored by the autonomous regional party committee, opened today in Urumqi. [passage omitted]

Attending the conference were our leading comrades Song Hanliang, Tomur Dawamat, Janabil, Amudun Niyaz, Ba Dai, (Maikesudeqi Tofu), Ismail Yashenof, Fu Wen, (Tguo Gang), and Ismail Mahsut.

Yan Mingfu, director of the United Front Work Department under the CPC Central Committee, made a special trip to Urumqi to attend the conference.

During today's conference, Tomur Dawamat delivered a speech entitled Uphold Equality Among All Nationalities, Strengthen the Unity of All Our Nationalities, and Strive To Achieve Our Nationalities' Common Prosperity. [passage omitted]

Xinjiang Leader Speaks

HK050636 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 4 Jun 87

[Excerpt] In his speech at this afternoon's autonomous regional conference on united front work and nationalities affairs, Song Hanliang stressed: In carrying out united front work in our autonomous region in the days to come, we must proceed from the actual conditions in Xinjiang, put the stress on promoting nationalities affairs and (?notarial work), successfully carry out work regarding our democratic parties and CPPCC Committees, advance united front work in the economic field, try in every possible way to bring every positive factor into play, unite with all the forces that can be united, give service to the consolidation and development of the political situation of stability and unity in our autonomous region, and also provide service for speeding up the building of the two civilizations in Xinjiang. [passage omitted]

GOVERNMENT OFFICIALS SWORN IN BY PREMIER

OW042229 Taipei CNA in English 1506 GMT 4 Jun 87

[Text] Taipei, June 4 (CNA) -- Vice Foreign Minister Steven F. Wang and four other newly appointed ranking government officials were sworn in by Premier Yu Kuo-hua on behalf of President Chiang Ching-kuo in a ceremony at the Executive Yuan Thursday.

The other four officials were Vice Defense Minister Yen Pai-chien, Vice Education Minister Chao Chin-chi, Vice Justice Minister Lu You-wen, and member of the Mongolian and Tibetan Affairs Commission Yang The-lin.

Speaking on the occasion, Premier Yu praised the five officials' outstanding abilities and the excellent performances in their former positions. He urged them to continue to do their utmost to serve the nation and the people.

Among those present at the ceremony were Vice Premier Lien Chan, Cabinet ministers and other ranking government officials.

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